Historic, archived document

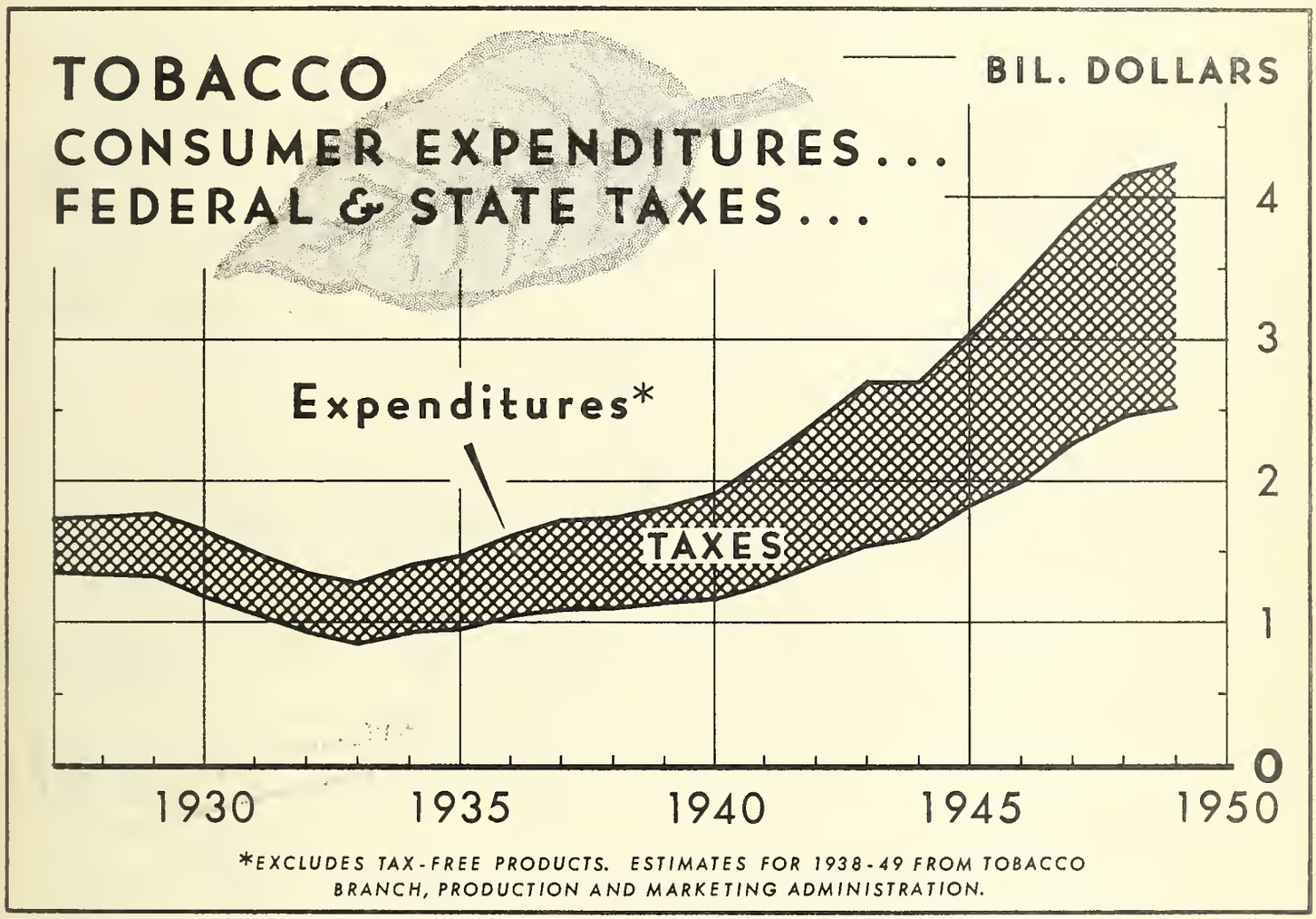
Do not assume content reflects current scientific knowledge, policies, or practices.

FOR RELEASE
MAY 27, A. M.

THE Tobacco SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TS-52 BAE MAY 1950



U. S. DEPARTMENT OF AGRICULTURE NEG. 47612-XX BUREAU OF AGRICULTURAL ECONOMICS

In 1949, expenditures by consumers for tobacco products totaled more than 4.2 billion dollars--the highest on record. This is almost 2½ times the average annual expenditure in the late thirties and also the late twenties. Consumer expenditures on tobacco products in 1950 are expected to equal or slightly exceed those of last year.

In 1949, combined Federal and State taxes on tobacco products accounted for about 40 percent of expenditures on tax-paid tobacco products. This compares with approximately 35 percent in the late thirties and 25 percent in the late twenties. Federal tax rates on cigarettes were increased in mid-1940 and again in late 1942; in the latter year, tax rates on cigars were also raised. In the years since the war, many States began to tax cigarettes for the first time or increased previous tax rates. State tax receipts from tobacco in 1949 are estimated at over 400 million dollars--nearly 7 times the 1937-39 average.

STATISTICAL SUMMARY

Item	Unit or base period	1949 Jan.	1949 Feb.	1949 March	1949 April	1950 Jan.	1950 Feb.	1950 March	1950 April	Last data available as percent of a year earlier
Prices received at auctions										
Burley	Cents per lb.	44.2	36.8	1/	1/	43.6	34.1	1/	1/	93
Fire-cured	do	31.6	31.2	31.8	1/	30.3	28.3	28.2	1/	89
Dark air-cured	do	29.0	26.8	1/	1/	28.6	26.4	1/	1/	99
Parity prices 2/										
Flue-cured	do	47.6	47.2	47.2	47.2	48.8	48.6	49.0	49.2	104
Burley	do	46.2	45.7	45.7	45.7	48.8	48.6	49.0	49.2	108
Maryland	do	47.8	47.4	47.4	47.4	54.3	54.1	54.5	54.7	115
Fire-cured	do	22.0	21.9	21.9	21.9	29.1	29.0	29.2	29.4	134
Dark air-cured (35-36)	do	17.7	17.5	17.5	17.5	26.1	26.0	26.2	26.4	151
Virginia sun-cured (37)	do	23.7	23.5	23.5	23.5	32.9	32.7	33.0	33.1	141
Index of prices paid, int., taxes, and wage rates 3/	1910-14=100	256	252	255	254	249	248	250	251	99
Tax-paid Withdrawals										
Cigarettes, small 4/	Million	28,006	25,358	31,177	27,325	29,292	25,595	32,111		103
Cigars, large 4/	do	438	411	458	429	424	415	454		99
Chewing and Smoking	Million pounds	15	14	17	15	16	15	18		106
Snuff	do	3.5	3.1	3.8	3.3	2.9	2.7	4.0		105
Accumulated since Jan. 1										
Cigarettes, small 4/	Million	28,006	53,364	84,540	111,865	29,292	54,887	86,998		103
Cigars, large 4/	do	438	849	1,307	1,736	424	839	1,293		99
Chewing and Smoking	Million pounds	15	29	45	60	16	31	49		109
Snuff	do	4	7	10	14	3	6	10		100
Cigarettes, tax-free	Million	2,208	2,570	3,168	3,568	1,973	2,178	2,146		68
Accumulated since Jan. 1										
Tax-free	do	2,208	4,778	7,946	11,514	1,973	4,150	6,296		79
Tax-paid plus tax-free	do	30,213	55,934	92,487	123,379	31,264	59,037	93,295		101
Stocks, beginning of quarter 5/ (farm-sales weight)										
Flue-cured	Million pounds	2,023			1,767	1,993			1,754	99
Burley	do	1,112			1,246	1,140			1,283	103
Maryland	do	47			38	46			38	100
Fire-cured	do	152			202	148			199	99
Dark air-cured	do	80			94	75			94	100
Cigar, filler	do	105			118	123			172	146
Cigar, binder	do	121			151	123			156	103
Cigar, wrapper	do	23			20	26			22	110
Exports (farm-sales wt.)										
Flue-cured	Thou. lb.	41,220	29,901	17,742	15,141	14,285	17,637	22,293		126
Burley	do	3,739	3,471	2,557	4,369	1,193	2,216	4,214		165
Maryland	do	1,149	840	1,029	430	252	224	674		66
Fire-cured	do	1,845	2,129	3,155	1,789	1,823	1,198	3,785		120
Dark air-cured	do	586	580	1,609	665	339	347	682		42
Cigar	do	4,739	3,683	1,910	1,366	312	197	347		18
Total 6/	do	52,756	40,270	28,003	23,761	18,204	21,820	31,096		114
Accumulated since beginning of crop year										
Flue-cured	do	296,191	326,092	343,833	358,974	318,234	335,871	358,165		104
Burley	do	12,349	15,819	18,376	22,745	8,156	10,372	14,586		79
Maryland	do	4,485	5,325	6,355	6,785	2,538	2,762	3,437		54
Fire-cured	do	11,678	13,807	16,960	18,750	6,364	7,562	11,346		67
Dark air-cured	do	2,282	2,864	4,470	5,137	2,318	2,665	3,346		75
Cigar	do	6,953	10,636	12,544	13,910	4,343	4,540	4,888		39
Personal income 7/	Billion dollars	215	211	210	210	218	219	223		106
Index of Industrial Production 8/	1935-39=100	187	185	181	177	179	177	183		101
Percent Labor Force Employed	Monthly	95.6	94.7	94.8	95.0	92.7	92.4	93.3	94.3	99

1/ Closed. 2/ 1949 parities computed by old formula; 1950 parities, by new formula. 3/ 1949 parities not computed with this index. 4/ Includes Puerto Rico. 5/ Stocks for April 1, 1950, are preliminary. 6/ Includes a small amount of Perique. 7/ Seasonally adjusted monthly totals at annual rate. 8/ Unadjusted.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board May 17, 1950

CONTENTS

	Page		Page
Summary	3- 5	Burley, type 31	19-21
Tobacco products	5- 9	Maryland, type 32	22-24
Cigarettes	5- 7	Fire-cured, types 21-24	24-26
Cigars	7- 8	Dark air-cured, types 35-37	26-28
Smoking tobacco	8	Cigar tobacco	28-32
Chewing tobacco	8- 9	Tables--tax-paid withdrawals, acres, cash receipts, output of products, tobacco manufactures--net sales, etc.	32-36
Snuff	9		
Exports of U. S. tobacco	9-15		
British tobacco situation	13-15		
Imports and shipments	15-17	RMA study of prices of flue-cured tobacco	37-45
Flue-cured, types 11-14	17-19		

SUMMARY

United States tobacco production this year is likely to be lower than in 1949 if yields per acre are near the average of recent years. The 1950 acreage allotments for Burley, fire-cured, and dark air-cured tobacco were set lower than last year, while the total flue-cured allotment is slightly larger. Continental United States cigar types and Maryland tobacco are not under marketing quotas and acreage allotments.

Carry-overs of most tobacco at the beginning of the 1950-51 marketing year will be larger than a year earlier, and total supplies for 1950-51 will be generally adequate to meet demand.

The 1950-51 supply of flue-cured tobacco is expected to be nearly the same as a year earlier. Carry-over of flue-cured will probably be around 1,545 million pounds. Indicated acreage of flue-cured according to March 1 growers' intentions was up nearly 1 1/2 percent; but if the yields per acre should be near the 1945-49 average instead of at the record highs of the last two seasons, the 1950 production would total about 1,100 million pounds compared with 1,115 million last season. As of March 1, growers of Burley, fire-cured, and dark air-cured types (35-36) indicated acreage cuts of from 10 to 15 percent from last year's harvested acreage. The March 1 acreage indications for Maryland tobacco and several cigar types were higher than last year's harvested acreages. Burley supplies for 1950-51 will probably be slightly less than the record level for 1949-50. The reduction in the prospective total supply of Burley would be due to a smaller 1950 outturn since carry-over will be a record high

next October (the beginning of the 1950-51 marketing year). The 1950-51 Maryland tobacco supplies will probably be higher than for any previous year. Supplies of fire-cured for 1950-51 may be around 5 percent less; and of dark air-cured, approximately the same as those for 1949-50. The cigar filler, binder, and wrapper types are likely to be in larger supply for 1950-51 than in 1949-50.

A fairly strong demand is expected for 1950 flue-cured and Burley, and average prices received by growers should be in line with last year. Support levels under the 1949 Act will probably exceed those of last season. Fire-cured and dark air-cured price supports, computed at 75 and 66 2/3 percent of the Burley loan rate, may be higher since the Burley rate is expected to be higher than last season. Government loan stocks of these types are still sizable, even though quantities placed under loan last season were substantially less than in each of the previous 3 seasons. The 1950 crop price supports for the non-quota types (Maryland and cigar tobacco excluding types 61-62) may be set at from 75 to 90 percent of parity depending on their supply position. The parities of these types, as calculated in accordance with the 1949 Act, are quite a bit higher than those calculated by the old method, and price supports in 1950 will be higher than in 1949.

The 1949 crop of Maryland is now being marketed, and prices for auction sales for the first 2 weeks averaged 48 1/2 cents per pound--7 percent less than for the first 2 weeks of 1948 crop sales. The quality of early marketings was generally lower than a year earlier. Prices have averaged above the support level, and growers have placed about 13 percent of deliveries under Government loan as contrasted with 8.6 percent for the 1949 season.

Domestic cigarette consumption in 1950 is expected to at least equal the 1949 record. Continuation of high level economic activity during 1950 will tend to keep consumption of most tobacco products at about last year's levels. Cigarette exports have fallen off, but the great bulk of cigarettes manufactured in this country are consumed in the United States or by its citizens overseas. During the current fiscal year (1949-50), domestic consumption (as measured by tax-paid removals) will probably be near 355 billion--approximately 3 billion higher than in 1948-49--and will set a new fiscal year record. The domestic use of flue-cured, Burley, and Maryland in cigarettes is expected to be about as large in 1949-50 as a year earlier since the decrease in output of cigarettes for export will probably offset most of the increase in domestic use.

Cigar consumption during the fiscal year 1949-50 is estimated at about 5.6 billion compared with 5.7 billion in 1948-49. In the first quarter of 1950, consumption of cigars in the lower price brackets--8 cents or less--gained 8 percent over the same period a year earlier while consumption of those retailing for over 8 cents declined 9 percent.

Smoking tobacco output during 1950 is expected to gain a little over the 1949 total of 108 million pounds. During the first quarter of

1950, it was running 8 1/2 percent above the first quarter total of 1949. Consumption of smoking tobacco in 1949 was about 45 percent below the 1935-39 average.

Chewing tobacco output during 1950 is expected to hold fairly close to last year's 90 million pound output. It showed a gain of about 5 percent during January-March this year compared with the same months of 1949. The 1949 output of plug and scrap fell about one-fourth and one-tenth, respectively, below their 1935-39 averages.

The level of snuff production and consumption in 1950 may be slightly lower than in 1949, when it was a little more than 41 million pounds. The 1950 first quarter consumption of snuff was 7 1/2 percent below the first quarter total of 1949.

The reduction in ECA aid and efforts by several countries to bring their trade with dollar areas into closer balance are factors which tend to adversely affect tobacco exports from the United States. Offsetting favorable factors tending to maintain or increase exports are continued increases of cigarette consumption in many countries and the fact that stocks are already at minimum levels. United States tobacco exports in 1950 are likely to be well above the 1934-38 average of 437 million pounds but may not reach the 1949 level of 498 million pounds. In view of the trend towards increased use of cigarettes in lieu of other products, United States cigarette leaf has generally better export prospects than dark tobacco.

The first quarter 1950 exports of United States tobacco were a little over 40 percent below those in the same quarter a year earlier. This was mostly due to the sharp reduction in the quantities going to Germany in contrast to heavy shipments to Germany in early 1949 to rebuild stocks and raisethe very low consumption level.

Exports of unmanufactured tobacco in 1949 valued at 252 million dollars accounted for 7 percent of total United States agricultural exports. During the 1930's, tobacco exports made up close to 15 percent of the total. The shift in the percentage relationship of tobacco to total agricultural exports has come about mostly because of the large increases in United States exports of wheat and other grains since the 1930's.

The United Kingdom expects to consume as much tobacco in 1950 as in 1949 but will probably have to draw from stocks. Britain expects to get more from Southern Rhodesia, where a record crop is in prospect. Britain is seeking to cut imports from dollar countries in order to reduce her dollar deficit, and her takings of United States leaf this year are expected to be smaller than last year.

TOBACCO PRODUCTS

Cigarettes

Cigarette manufacture will probably continue high during 1950. United States consumption of cigarettes leveled off during the last half of 1949; but during the first quarter of 1950, it ran almost 3 percent higher than the record first quarter total of a year earlier. Consumer incomes and economic activity have been at generally favorable levels during the first few months of 1950, and probably will stay high most of the year.

Total manufacture of cigarettes in the year ending June 30, 1950 will probably approximate 385 billion compared with 390 billion in the 1948-49 fiscal year. The decrease is accounted for by the smaller manufacture for export and other tax-free uses. Domestic consumption (as measured by tax-paid removals) will probably be near 355 billion cigarettes--approximately 3 billion higher than 1948-49 and a new fiscal year record. Tax-free cigarettes, a large part of which consists of exports to foreign countries, will probably total less than 30 billion compared with about 38 1/2 billion in 1948-49.

United States cigarette exports during July 1949-March 1950 were down 28 percent from the comparable period a year earlier. The first quarter drop in cigarette exports was 20 percent with a very sharp drop in exports to the Philippines--the largest outlet for the past several years. In the Philippines, government restrictions on imports have been placed in effect to conserve dollar exchange. Since the war, the consumption of cigarettes in the Philippines has increased greatly. However, the Philippines are seeking to rehabilitate their own tobacco industry in which cigars held a major place before the war. United States cigarette exports to Tangier-French Morocco and Hong Kong showed substantial gains in the first quarter 1950 compared with those in the same period a year ago. (See table 1.) Numerous smaller and widely-scattered foreign destinations shown as "other countries" in the table got nearly 50 percent more United States cigarettes in January-March 1950 than in January-March 1949.

Table 1. - Cigarette exports from the United States for specified periods

Country	Calendar year				January-March		
	Average 1934-38	1948 1/	1949 1/	1949 as percentage of 1948	1949 1/	1950 1/	1950 as percentage of 1949
	Million	Million	Million	Percent	Million	Million	Percent
Philippines, Rep. of	2,544	11,625	7,422	64	1,471	320	22
Netherlands Antilles	105	1,221	1,291	106	301	261	87
Tangier-Fr. Morocco	12	941	1,223	130	319	429	134
Hong Kong	22	738	983	133	123	197	160
Venezuela	39	702	879	125	208	223	107
Belgium-Luxembourg	63	1,518	764	50	213	188	88
Switzerland	16	837	680	81	105	136	130
Panama-Canal Zone	389	719	618	86	178	156	88
Czechoslavakia	1	789	555	70	128	116	91
Sweden	80	359	597	166	146	12	8
Netherlands	128	135	207	153	19	30	158
Italy	34	518	354	68	61	44	72
Mexico	31	285	347	122	60	13	22
Cuba	47	312	302	97	81	55	68
Hungary	1	580	286	49	41	100	244
Other countries	1,258	3,889	3,054	79	711	1,056	149
Total all countries	4,770	25,168	19,562	78	4,165	3,336	80

1/ Preliminary. Compiled from publications and records of Department of Commerce.

Wholesale prices of cigarettes have been unchanged since about mid-1948, but retail prices in 18 cities have shown more than a 5-percent increase since mid-1948, and the average price paid by farmers for cigarettes also showed a rise since that time. A major cause of price increases to purchasers of cigarettes has been new or increased State taxes levied on cigarettes in the last year or two. In 1949, increases of either 1 or 2 cents per pack of cigarettes were applied in Florida, Massachusetts, Minnesota, Nevada, New Mexico, Wisconsin, Georgia, North Dakota, Vermont, and Washington; Hawaii also increased cigarette taxes in 1949. Delaware, which had not taxed cigarettes since 1945, and Alaska and the District of Columbia also adopted cigarette taxes in 1949.

State tax receipts from cigarettes and other tobacco products in 40 States and the District of Columbia in 1949 totaled about 405 million dollars--8 percent above the 1948 total and approximately 7 times the 1937-39 average. Federal and State taxes combined in 1949 totaled close to 1,725 million dollars and made up about 40 percent of total consumer expenditures for tobacco products. (See cover chart.) Tobacco taxes made up roughly 35 percent of consumer expenditures for tobacco products in 1935-39.

Cigars

United States cigar consumption during 1950 seems likely to be nearly as large as the 5.6 billion in 1949. First quarter 1950 cigar use was only about 1 percent less than in the first quarter of 1949. During the last half of 1949, cigar consumption was running about 4 percent below the comparable period a year earlier. The prospect for a continuation of personal incomes at relatively favorable levels and the larger sales of lower-priced cigars will tend to keep total cigar use from dropping very much.

Consumption of cigars retailing for 8 cents or less during January-March 1950 were up 8 percent over those of January-March 1949. This is a smaller rate of gain for cigars in these price brackets than occurred in the last half of 1949. Consumption of higher-and-medium-priced cigars (over 8 cents) slowed its rate of decline during early 1950. During the last half of 1949, they dropped 16 percent below the same period a year earlier; but during the first quarter of 1950, a similar comparison shows this volume to be down about 9 percent. The Bureau of Labor Statistics wholesale price indexes for popular-and medium-priced cigars have changed very little since late 1946. A slight easing of the index for popular brands occurred in 1949.

It is estimated that total cigar consumption for the fiscal year 1950 will approach 5.6 billion compared with 5.7 billion in the fiscal year 1949. (See table 2.)

Both Puerto Rican- and Phillipine-made cigars are now insignificant compared with their prewar position. Cigars from Cuba and those manufactured in bond are well above their prewar levels but constitute only a very small share of the total.

Table 2.- United States cigar consumption 1/ fiscal years 1935-39 average, 1946-50

Fiscal year	Total	Domestic manufacture		Bonded manufacturing warehouses 2/	Originating in		
		8 cents or less	Over 8 cents		Puerto Rico	Cuba	Philippines
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
1935-39 av.	5,297	4,496	530	48	34	3	186
1945-46	5,455	3,306	1,957	87	79	26	3/
1946-47	5,746	2,408	3,145	130	42	16	5
1947-48	5,688	2,334	3,201	138	4	10	1
1948-49	5,693	2,486	3,047	142	7	11	3/
1949-50 4/	5,566	2,780	2,640	135	1	10	3/

1/ Computed from sales of stamps.
2/ Manufactured under customs supervision from tobacco imported from any one country.
3/ Less than 1 million.
4/ Estimates based on July 1949-March 1950 indications.

Smoking Tobacco

The manufacture and use of smoking tobacco during 1950 is expected to gain a little over 1949. Smoking tobacco output in 1949 at 108 million pounds was fractionally higher than 1948. During the first quarter of 1950, it was running around 8 1/2 percent above the first quarter of 1949.

The BLS average price at retail in 18 cities for pipe tobacco was 9 percent higher in March 1950 than in March 1949. Prices paid by farmers for smoking tobacco in early 1950 were also higher than in 1949. Prices of pipe tobacco in cities and of packaged smoking tobacco purchased by farmers have risen between 30 and 40 percent above the 1935-39 average. The Federal tax rate on smoking has remained unchanged since 1926, whereas the rates on cigarettes were increased in 1940 and again in 1942. Cigar tax rates were also increased in 1942.

In the last 4 generally prosperous years, smoking tobacco consumption has each year been about 45 percent lower than the 1935-39 average. With higher incomes, many smokers apparently choose to smoke cigarettes and cigars, which usually cost relatively more than smoking tobacco.

The use of smoking tobacco in hand-made cigarettes appears to have increased slightly in 1949 compared with 1948 but was probably only one-fourth as much as in the late thirties.

Chewing Tobacco

The 1949 manufacture of chewing tobacco at 90 million pounds was the smallest on record--down 7 percent from 1948. During the first quarter of 1950, output of chewing tobacco ran around 5 percent higher than the first

quarter total of last year. For 1950 as a whole, United States chewing tobacco consumption may hold fairly close to last year's level at 87 1/2 million pounds. Tax-free removals (mostly exports) amounted to about 2 1/2 million pounds last year with the rise in twist nearly offsetting the drop in plug chewing.

The peak production of chewing tobacco in recent years was 125 million pounds in 1944, which, though higher than the 1935-39 average, was less than two-thirds as much as the 1925-29 average. Plug chewing is the largest chewing tobacco product and by 1949, dropped 26 percent below the 1935-39 average. Scrap chewing output, the next largest chewing product, is now running closer to plug chewing in volume than in most previous years. The 1949 scrap chewing manufacture was only 10 percent less than the 1935-39 average. Twist and fine-cut are considerably smaller in volume of output; and while twist was only 5 percent less than the prewar average, the fine-cut output in 1949 was down 44 percent. (See table 16.)

The BLS wholesale price index for chewing tobacco has been unchanged since the 8 percent advance, which occurred in the fall of 1946. This index is 30 percent above prewar.

Snuff

The level of snuff production and consumption during 1950 may be slightly lower than in 1949, when it was a little more than 41 million pounds. During the first 2 months of 1950, tax-paid removals of snuff for consumption dipped quite sharply below that of the same months in 1949 but recovered in March to run ahead of March 1949. The first quarter 1950 total was 7 1/2 percent less than in the first quarter of 1949. During the last half of 1949, snuff use topped the same period a year earlier by 4 percent. Practically all United States manufactured snuff in the past 2 years was consumed domestically. Snuff consumption has been relatively stable over many years.

The BLS wholesale price index of dry sweet snuff has been unchanged since early 1948, when it went up by about one-fourth. This index in March 1950 was nearly 50 percent higher than the 1935-39 average.

EXPORTS OF UNMANUFACTURED TOBACCO FROM THE UNITED STATES 1/

United States exports of unmanufactured tobacco during 1950 may not reach the 1949 total of 498 million pounds. The countries of western Europe, most of whom are participating in the European Recovery Program, and other areas in the world are endeavoring to bring their trade with dollar areas more nearly in balance. One means of doing this is to limit dollar imports into their countries. United States tobacco being a dollar import seems likely to be affected to some extent. The assistance by ECA to cooperating countries will be smaller as the Recovery Program for the 1950-51 fiscal year gets under way. The 1950 crop of United States leaf may be a little higher priced since Government price supports, as computed under the Agricultural Act of 1949, are likely to be higher than last year.

1/ Quantities of tobacco in this section are stated in terms of export weight, which is less than the equivalent farm-sales weight.

United States tobacco exports in 1950 are likely to be well above the 1934-38 average of 437 million pounds, but may not reach the 1949 level of 498 million. Stocks of tobacco in most countries are below prewar levels and low in relation to consumption requirements. In many countries, where not checked by insufficient supplies, cigarette consumption continues to gain. The western portion of continental Europe, with a 10 million increase in population since 1939 and with a probably greater proportion of smokers than prewar, is expected to continue its larger than prewar imports of United States tobacco.

Wherever possible, foreign countries will seek to conserve dollars by purchasing tobacco in non-dollar areas, but there are limitations on the extent to which shifts can be made to non-dollar areas. While some increases in production in non-dollar areas are taking place, supplies of suitable leaf are not likely to be sufficient to meet the demand. Competition for available leaf may bring a rise in the price of leaf being produced in soft currency countries. Countries such as Southern Rhodesia have had to pay increased costs for dollar imports as the result of devaluation last September, and this, too, may result in some price increases. Tobacco importing countries will want to continue to collect the large governmental revenues provided by tobacco; and the United States as the major source of exportable leaf will continue to furnish a large proportion of the tobacco moving in international trade.

During the first quarter of 1950, United States tobacco exports were more than two-fifths lower than in the first quarter of 1949. This was mostly due to the much smaller quantities going to Germany compared with a year earlier, when shipments to that country were unusually large. In early 1949, substantial exports to Germany were made to begin the building of stocks and to return tobacco consumption towards a more nearly normal level. Exports to the United Kingdom during January-March in both 1949 and 1950 were comparatively small and far below those in the comparable period in prewar years. Very heavy shipments of United States leaf were made by British purchasers before the end of 1949 in order to save storage costs. This also had the effect of boosting the calendar year 1949 total tobacco exports from the United States. In prewar years, a much larger proportion of the purchases from a year's crop were shipped in the first quarter of the following year.

Belgium-Luxembourg, Sweden, France, and Norway took more United States tobacco in January-March 1950 than in the same months of last year. During 1949, both Sweden and Norway got smaller quantities than in 1948. Many other important foreign outlets for United States tobacco got smaller quantities during the first quarter of 1950 than in the same period a year earlier. (See table 3.) Quantities going to Portugal and India were very sharply lower. Tobacco exports to China became negligible during the first quarter of 1950 and were very small for the whole year of 1949 compared with the prewar average. The future accessibility of China as a foreign market for United States tobacco is unpredictable, but prospects do not appear promising for the year ahead.

Table 3.- United States exports of unmanufactured tobacco, for specified periods, by types, and to principal importing countries

(declared weight)

Type and country	Calendar year: Average 1934-38	Calendar year: 1948 1/	Calendar year: 1949 1/	January-March: Average 1934-38	January-March: 1949 1/	January-March: 1950 1/	1950 as percentage of 1949
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Percent
Flue-cured	324.9	342.7	379.9	68.0	78.0	47.2	61
Burley	11.6	23.4	35.1	3.4	8.5	6.6	78
Maryland	5.5	7.8	7.9	1.8	2.9	1.1	38
Va. fire-cured	9.7	7.6	4.6	3.1	.7	1.8	257
Ky. & Tenn. "	53.7	19.9	28.5	15.7	5.5	4.1	75
One Sucker	.7	1.2	6.6	.1	1.0	.4	40
Green River	3.0	.8	3.2	1.1	.3	.3	100
Black Fat, etc.	9.0	5.1	4.8	2.1	1.5	.7	47
Cigar	1.3	6.1	22.4	.2	8.5	.8	9
Perique	.1	.1	.1	2/	2/	2/	---
Stems, tr., and scrap	17.8	11.9	5.1	4.7	1.4	.3	21
Total unmfd.	437.3	426.6	498.2	100.2	108.3	63.3	58
Country of destination							
United Kingdom	213.9	167.0	167.3	37.4	5.0	3.5	70
France	21.0	.7	15.8	8.4	.1	.7	700
Belgium-Lux.	15.5	18.0	18.4	3.6	2.2	6.7	305
Netherlands	15.6	23.4	33.8	4.4	7.1	4.4	62
Germany	12.8	26.4	86.9	2.8	36.6	10.0	27
Portugal	4.8	11.8	11.1	1.2	3.5	.9	26
Denmark	4.6	10.1	11.6	.8	5.8	2.4	41
Ireland	7.4	12.2	25.3	1.7	4.3	4.0	93
Switzerland	3.8	15.3	10.5	1.0	3.2	2.8	88
Norway	4.7	11.1	7.4	.9	.7	1.3	186
Sweden	7.2	11.1	5.8	1.9	.6	2.9	483
Italy	1.1	4.5	2.5	.2	1.6	2/	---
China	48.2	28.4	3.1	13.2	1.8	.1	6
Australia	18.4	19.1	19.6	4.9	7.8	5.3	68
India 3/	2.6	10.1	7.2	.6	3.5	.3	9
New Zealand	2.5	4.0	6.2	.7	1.6	1.4	88
Other countries	53.2	53.4	65.7	16.5	22.9	16.6	72
Total	437.3	426.6	498.2	100.2	108.3	63.3	58

1/ Preliminary.
2/ Less than 50,000 pounds.
3/ Includes Pakistan.

Compiled from publications and records of Department of Commerce.

Among the different kinds of tobacco exported by the United States, only Virginia fire-cured showed a gain in the first quarter of 1950 in comparison with the first quarter of 1949. However, during the calendar year 1949, Virginia fire-cured exports fell sharply below those of 1948. During January-March 1950, exports of cigar tobacco were less than one-tenth as large as in January-March 1949. Cigar tobacco exports in the earlier period included a large amount of Puerto Rican leaf that was shipped to Germany. Burley exports, although below the first quarter total of 1949, were nearly twice as large as the average first quarter exports of this type in 1934-38.

ECA authorizations to participating countries for United States tobacco since the beginning of the European Recovery Program in April 1948 until May 1, 1950, totaled about 282 million dollars. Approximately 7 percent of total ECA authorizations for food and agricultural commodities have been for United States tobacco. In the period July 1949-April 1950, ECA authorizations were approved for about 146 million dollars providing for roughly 295 million pounds (export weight) of United States leaf. The percentage share of each participating country of the July 1949-April 1950 tobacco purchase approvals is as follows: United Kingdom, 58 1/2 percent; Germany, 10 percent; Ireland, 8 percent; Netherlands, 6 1/2 percent; France and French possessions, 4 1/4 percent; Belgium, 4 1/3 percent; Norway, 3 percent; Denmark, 2 percent; Austria, 2 percent; and Italy 1 percent.

As measured by dollar value for the 30 years 1920-49, unmanufactured tobacco is the third ranking agricultural export of the United States. The position of tobacco exports in individual years has varied. During the decade of the twenties, tobacco exports were in third place --exceeded in dollar terms only by cotton and wheat. (See table 4.) During the 1930's, the value of tobacco exports accounted for almost 15 percent of the total value of agricultural exports and ranked next to cotton and linters. In the 1940-44 period, with many of the European tobacco importing countries cut off most of the time, tobacco exports fell in relative importance to fifth place. It recovered to third place in 1945 and 1946, but with the large shipments of grain in 1947, 1948, and 1949, tobacco fell back to fourth place among the agricultural export commodities.

Comparing 1949 with 1948, the value of unmanufactured tobacco exports at 252 million dollars showed a 17 percent increase, while the value of all other agricultural exports combined showed only a 2 percent increase. Cotton and linters accounted for a sharply higher proportion of the total in 1949 compared with 1948, while the wheat and flour proportion fell sharply. Tobacco accounted for a larger share of the total in 1949 compared with 1948, but grain increased its percentage share even more.

Table 4. - Value of United States agricultural exports and unmanufactured tobacco exports with percentage distribution by principal commodities for specified averages and annual 1945-49

Agricultural commodities 1/	1920-29 av.	1930-39 av.	1940-44 av.	1945	1946 2/	1947 2/	1948 2/	1949 2/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Total agricultural	2,076	785	1,320	2,294	3,173	3,957	3,473	3,576
Unmfd. tobacco	164	117	99	239	352	271	215	252
	Percentage distribution							
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Total agricultural	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cotton and linters	40.9	45.0	10.5	12.2	17.0	10.8	14.7	24.4
Wheat and flour	16.5	7.6	3.4	14.4	19.2	32.7	40.1	28.0
Unmfd. tobacco	7.9	14.9	7.5	10.4	11.1	6.8	6.2	7.0
Other grains 3/	7.5	4.3	4.7	5.3	5.9	14.8	9.3	12.9
Fruit 3/	4.7	11.1	5.8	5.7	5.3	4.5	3.7	2.9
Pork	5.1	2.6	12.6	5.4	2.2	.5	.4	.5
Lard	5.6	3.8	6.1	3.8	2.6	2.6	2.0	2.5
Dairy products	1.5	.9	10.5	10.3	9.3	6.8	6.0	4.9
Eggs and products	.4	.1	11.9	8.2	4.8	2.5	1.3	.7
Vegetables 3/	1.1	1.7	4.2	6.7	4.5	4.8	4.5	2.4
Vegetable oils	.8	.6	3.2	1.4	1.2	1.5	1.6	3.0
Other	8.2	7.4	19.6	16.2	16.9	11.7	10.2	10.8

1/ Commodities listed according to their value position in the 30-year period, 1920-49.
2/ Preliminary.
3/ Including preparations.

British Tobacco Situation

British smokers will have about as much tobacco for consumption in 1950 as in 1949 according to British Government statements. The tobacco consumption requirements are to be provided for by imports and some probable drawing down of stocks. According to present plans, some expansion of United Kingdom tobacco imports from Southern Rhodesia is in prospect. The 1949-50 Southern Rhodesia crop may be about 100 million pounds (farm-sales weight) compared with 80 million pounds in 1948-49. Under the existing agreement, British manufacturers take two-thirds of the Southern Rhodesian crop.

British tobacco imports from the United States, according to present plans, will be lower than last year. Britain is seeking to cut dollar imports to 75 percent of the 1948 level. In the year beginning July 1950, Britain is hopeful of reducing its dollar deficit by one-half, but the United Kingdom dollar deficit would still be around 550 million dollars. The goal is to end the dollar deficit of the sterling area by the end of the period of the European Recovery Program.

British imports of unmanufactured tobacco in 1949 at 301 million pounds were 7 percent above those of 1948 and 9-1/2 percent above the 1934-38 average. British imports from the United States were less than in the previous year and nearly one-fourth below the 1934-38 average. During the first quarter of 1950, British tobacco imports were 18 percent larger than in the same period of 1949. Part of the substantial shipments of United States tobacco that occurred in December were recorded in the British import figures of January. The 17-1/2 million pounds of tobacco shown as originating in the United States in the first quarter of 1950 was 2-1/2 times that from the United States in the first quarter of 1949. British tobacco imports from Southern Rhodesia, India, Canada, and Nyasaland combined in January-March 1950 totaled 27 million pounds--13 percent above the January-March 1949 total.

British home consumption in 1949 at 211 million pounds was slightly less than in 1948 but 23 percent above the 1934-38 average. Tobacco from preferential areas (i.e., Commonwealth origin) comprised 34 percent of the total--a gain in relative share over 1948 and considerably greater than the 23 percentage share held by preferential tobacco in the 1934-38 period. During the 6 months ending with February 1950, British home consumption ran about 1 million pounds above that of the same months a year earlier.

British exports of manufactured tobacco gained slightly in 1949 compared with 1948 and were one-fifth above the prewar level. Close to 95 percent of the British manufactured tobacco exports was in the form of cigarettes. The exports (i.e., reexports) of unmanufactured tobacco in 1949, though larger than the previous 2 years, were far less than the 1934-38 average.

The stocks of tobacco in the United Kingdom totaled 421 million pounds at the end of 1949 and were the highest year-end stocks for the past 10 years. However, they were 15 percent below the year-end average for the 1934-38 period. At the end of February 1950, United Kingdom tobacco stocks were 413 million pounds.

Personal expenditures on tobacco in the United Kingdom in 1949 totaled about 764 million £ sterling--1 percent less than in 1948 but 4-1/3 times the expenditures for tobacco in 1938. In 1949, tobacco expenditures in the United Kingdom absorbed 7.5 percent of personal income compared with 7.9 percent in 1948 and 3.6 percent in 1938. Roughly four-fifths of consumers' tobacco expenditures in 1949 went to meet the import duties paid by the tobacco manufacturers. In 1938, the import duties were the equivalent of a little less than one-half of the expenditures for tobacco products. According to the British Government's financial statement in April, the provisional exchequer receipts from tobacco customs for April 1949-March 1950 were 600 million £ sterling. The receipts from tobacco comprised one-sixth of the total receipts to the British government from taxes. For 1950-51, it is estimated that receipts from tobacco customs will be 590 million £ sterling.

Table 5.- United Kingdom tobacco: Stocks, imports, consumption, and exports, average 1934-38, annual 1939-49

Year	Stocks Dec. 31	Imports 1/		Retained for home consumption			Exports	
		Total	From U. S.	Non-preferential 2/	Preferential 2/	Total	Mfd. tobacco	Unmfd. tobacco
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Average 1934-38	497	275	213	132	39	171	39	12
1939	514	212	128	151	48	199	30	14
1940	328	141	59	141	50	191	27	2
1941	259	214	129	153	69	222	17	1
1942	238	265	180	157	76	233	18	2
1943	310	354	291	165	56	221	18	4
1944	243	230	180	173	47	220	37	1
1945	278	369	310	183	48	231	37	13
1946	383	433	366	193	55	248	55	7
1947 3/	384	296	201	173	51	225	52	1
1948 3/	390	281	172	153	61	214	45	1
1949 3/	421	301	154	139	72	211	47	2

1/ Unmanufactured tobacco--Imports of manufactured tobacco products have generally been small relative to imports of unmanufactured tobacco.
2/ Tobacco imported from non-preferential areas comes in at full duty rate while that imported from preferential areas (Commonwealth origin) comes in at a lower rate of duty. At present, the preferential rate is only about 3 percent below the full duty rate, but from 1931 to 1939, it was over 20 percent below the full duty rate.
3/ Subject to revision.

IMPORTS AND SHIPMENTS 2/

During 1949, United States imports of tobacco for consumption at nearly 88 million pounds were 4 percent larger than in 1948 and the highest on record. However, the value of tobacco imports in 1949 at 73.2 million dollars was nearly 6 percent lower than in 1948. Cigarette leaf imports accounted for almost three-fourths of the total; and cigar filler, wrapper, and scrap combined accounted for nearly all of the rest. Cigarette leaf imports in 1949 at 64 million pounds held even with a year earlier but were 44 percent above the 1934-38 average. The 1949 imports of stemmed cigar leaf (filler) were 7 percent higher than in 1948 and 63 percent above the 1934-38 average. The unstemmed cigar leaf (filler) imports were the same in 1949 as in 1948 and also identical with the 1934-38 average. Scrap imports in 1949 were 42 percent higher than in 1948 and slightly larger than the prewar average. A much greater proportion of the scrap imports has been coming from Cuba than in prewar, when the Philippines were also an important source. Cigar wrapper imports were smaller in 1949 than in 1948 and less than one-third the prewar quantity.

2/ Imports of tobacco from foreign countries and shipments of the Territory of Puerto Rico to the United States are on a declared-weight basis.

Table 6.- United States imports for consumption of unmanufactured tobacco, from principal supplying countries and shipments from Puerto Rico, for specified periods

(declared weight)

Classification and country of origin	Calendar year: Average 1934-38	Calendar year: 1948 1/	Calendar year: 1949 1/	January-March: Average 1934-38	January-March: 1949 1/	January-March: 1950 1/	1950 as percentage of 1949
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Percent
Total imports 2/	66.4	84.3	87.9	14.7	23.2	22.5	97
Cigarette leaf							
Unstemmed	44.4	64.1	64.1	10.5	16.5	16.7	101
Turkey	18.2	45.3	45.1	4.1	11.2	12.0	107
Greece	18.8	8.1	9.9	4.6	2.8	2.4	86
Syria	.5	4.5	3.7	.1	1.0	.8	80
Bulgaria	.6	2.3	1.5	.2	.4	.4	100
U.S.S.R.	.1	1.9	1.8	3/	.5	.4	80
So. Rhodesia	3/	1.3	1.3	3/	.3	.4	133
Yugoslavia	.0	.5	.4	.0	.1	.1	100
Cigar leaf (filler):							
Stemmed	7.2	10.8	11.6	1.8	2.8	2.8	100
Cuba	7.1	10.8	11.6	1.7	2.8	2.8	100
Unstemmed	4.1	4.1	4.1	1.1	.9	1.0	111
Cuba	4.1	4.0	4.1	1.1	.9	1.0	111
Scrap	5.2	3.8	5.4	1.3	1.1	1.5	136
Cuba	2.9	3.7	5.1	.8	1.1	1.3	118
Philippines	2.3	.1	.3	.5	.0	.2	---
Cigar wrapper	2.7	1.1	.8	.4	.2	.2	100
Indonesia 4/	1.9	.8	.5	.4	.1	.2	200
Philippines	.6	.0	.0	.0	.0	.0	---
Cuba	.2	.2	.3	3/	.1	.1	100
Total from Cuba	14.3	18.7	21.1	3.6	4.9	5.2	106
Shipments from Puerto Rico							
Total	22.5	15.2	17.9	5.5	4.2	5/	---
Stemmed	17.4	9.6	10.1	4.4	2.6	March data	
Unstemmed	.1	3/	.2	3/	.2	not	
Scrap	5.0	5.6	7.6	1.1	1.4	available	

1/ Preliminary.
2/ Includes tobacco stems, not cut, ground, or pulverized, not shown separately.
3/ Less than 50,000 pounds.
4/ Formerly shown as originating in Netherlands Indies or Netherlands.
5/ January-February stemmed is 2.8; scrap, 1.0 million pounds.

Compiled from publications and records of Department of Commerce.

During the first quarter of 1950, total imports of tobacco for consumption were 3 percent less than in the same period of 1949. However, all classes of imported tobacco gained or held even with a year earlier except stems not cut. During the first quarter of 1949, 1 1/2 million pounds of stems entered the United States, most of it from Italy; while in January-March 1950, less than one-fourth of a million pounds were imported. United States cigarette leaf imports were a little ahead with quantities from Turkey, the largest supplier, and also Southern Rhodesia showing the gains. Next to Turkey, the largest source of imported cigarette leaf is Greece, and her shipments to the United States in the first quarter 1950 were 14 percent less than during the first quarter of 1949. Cigar leaf imports from Cuba during the first quarter of 1950 were up 6 percent over those of the same period a year earlier. Scrap, mostly from Cuba, was 18 percent higher; but the Philippines also sent 247,000 pounds in contrast to none in the first quarter of 1949. A gain was also registered in imports of wrapper from Indonesia although it was still well below the average for the comparable period in prewar years.

United States stocks of foreign-grown cigarette and smoking tobacco on April 1, 1950, totaled about 152 million pounds--13 percent larger than a year earlier. Stocks of Cuban tobacco (used mostly for cigars) at just under 18 1/2 million pounds were 16 percent lower than a year earlier.

FLUE-CURED, TYPES 11-14

1950-51 Supplies

According to farmers' intentions on March 1, about 950,000 acres of flue-cured will be grown in 1950 compared with 935,400 in 1949. The intended 1950 acreage accounts for all but about 2 percent of the total acreage allotment. If yields per acre should be near the 1945-49 average, the size of the crop would be about 1,100 million pounds compared with 1,115 million last year. Last year's average yield per acre was second only to the record yield of 1948.

Carry-over of flue-cured on July 1, 1950, is expected to be about 1,545 million pounds--practically the same as a year earlier. The prospective 1950-51 supply--carry-over plus production--is approximately 2,645 million pounds or almost the same as for 1949-50.

Domestic Use and Exports

During the current marketing year (July 1949-June 1950), domestic use of flue-cured is estimated at 710 million pounds--slightly less than the 715 million pounds in 1948-49. In the 9 months ending with March 31, 1950, cigarette output averaged between 1 and 2 percent lower than in the same period a year earlier. Although cigarette use in the United States was a little ahead during the period, exports of cigarettes dropped sharply.

Flue-cured exports during the current marketing year will probably be near 400 million pounds (farm-sales weight) compared with 387 million pounds in 1948-49. During the 9 months ending March 31, 1950, 358 million

pounds of flue-cured were shipped to foreign destinations compared with 344 million in the same period a year earlier. Approximately one-half went to the United Kingdom, whose 9 months' total exceeded that of the corresponding period a year earlier by 10 percent. Comparing the same periods, Germany, the second ranking foreign outlet for flue-cured, got 6 1/2 percent less. Ireland, Netherlands, and Belgium ranked next in that order and each got more than in the first 9 months of 1948-49. Other foreign destinations getting more were Switzerland, New Zealand, Hong Kong, the Philippine Republic, and Egypt. On the other hand, Australia, Denmark, Sweden, Norway, India, Austria, Portugal, and Finland got less. Chinese takings were far below last year's small amount. The future accessibility to the China markets cannot be predicted. The British crown colony of Hong Kong has increased in trade importance and over twice as much flue-cured was shipped there in July 1949-March 1950 as in the same period a year previous. Decreases from prewar exports of United States flue-cured to Britain and China have been more than offset by increased quantities going principally to the western European countries and also to numerous otherforeign destinations all over the world.

Approximately 123 million dollars of Economic Cooperation Administration funds were authorized for flue-cured tobacco from July 1949 through April 1950. Countries receiving grants got approval on roughly 278 million pounds (farm-sales weight) of flue-cured. The United Kingdom, Germany, Ireland, and the Netherlands combined accounted for 85 to 90 percent of the flue-cured authorizations. Most of the tobacco provided for by the 1949-50 ECA Program has been shipped.

Table 7.- Flue-cured tobacco, types 11-14: Domestic supplies, disappearance and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks July 1	Supply	Disappearance 1/ Total	Disappearance 1/ Domestic 2/	Disappearance 1/ Exports 2/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Av. 1934-38	741	845	1,586	704	338	366	22.9
1939	1,171	946	2,117	707	417	290	14.9
1940	760	1,410	2,170	577	421	156	16.4
1941	650	1,593	2,243	783	492	291	28.1
1942	812	1,460	2,272	893	604	289	38.4
1943	790	1,379	2,169	980	625	355	40.2
1944	1,087	1,189	2,276	1,150	696	454	42.4
1945	1,173	1,126	2,299	1,152	665	487	43.6
1946	1,352	1,147	2,499	1,212	661	551	48.3
1947	1,317	1,287	2,604	1,054	695	359	41.2
1948	1,090	1,550	2,640	1,102	715	387	49.6
1949 2/	1,115	1,538	2,653				47.2

1/ Year beginning July 1.
2/ Subject to revision.

Flue-cured exports during 1950-51 may run a little lower than in the current year. ECA funds will be less and countries will be making efforts to improve their dollar exchange position by limiting imports from dollar areas. No sharp drop in United States exports is expected because adequate supplies of flue-cured to meet consumption requirements are not available from other producing areas even though considerable expansion has occurred since prewar. Stocks of tobacco in many countries are still relatively low compared with prewar while consumption needs have grown because of population increase and the probably larger proportion of smokers. United States flue-cured and other United States cigarette tobacco types are preferred in many areas throughout the world where cigarette smoking has been steadily increasing.

Prices

Flue-cured prices are expected to be fairly strong during the 1950 marketing season. The expected continuation of high cigarette manufacture, the great bulk of which are consumed domestically, will require large quantities of flue-cured; and export takings are likely to be at a fairly favorable level. The 1950 season average price for flue-cured will probably exceed the support level by a few cents. The 1949 season average at 47.2 cents per pound was 4.7 cents above the support level. The price support level for the 1950 crop will probably be higher than the 42 1/2-cent support of last season. Flue-cured parity as of April 15 was 49.2 cents per pound, and 90 percent of this is 44.3 cents. The June 15 parity will not be much different from the April parity.

In connection with the price support program, flue-cured tobacco placed under Government loan during the 1949 marketing season totaled close to 104 million pounds (farm-sales weight). This represented about 9 percent of the crop and was practically the same quantity as in the preceding year.

During the past 4 seasons (1946-49), Government loans were made on about 508 million pounds (farm-sales weight) of flue-cured tobacco. Approximately four-fifths of this total had been moved into the channels of trade as of April 1 of this year. Flue-cured still under loan in early April 1950 amounted to approximately 100 million pounds of equivalent farm-sales weight tobacco. The Government loan stocks in terms of packed or dry weight are, of course, less than the farm-sales equivalent.

The seasonal pattern of 1949 flue-cured prices is discussed and shown on a chart in a supplemental section in this issue of The Tobacco Situation. The study was performed as part of the work on tobacco under the Research and Marketing Act.

BURLEY, TYPE 31

1950-51 Supplies

The prospective Burley acreage as indicated by farmers' intentions on March 1 is placed at 401,000, nearly 12 percent lower than the 1949 harvested acreage. This intended acreage is about 95 percent of the total allotment, which was reduced about 10 percent below that established for

1949. The percentage cuts in acreage from last year were slightly greater in Kentucky, Indiana, and North Carolina than in Tennessee, and Ohio while little change is indicated in Virginia and West Virginia. If yields per acre should be near the 1945-49 average, the size of the 1950 crop would be about 495 million pounds compared with 560 million pounds last year.

Carry-over of Burley on October 1, 1950 (beginning of the 1950-51 marketing year), is expected to be about 1,010 million pounds--nearly 4 percent above the October 1, 1949, carry-over and the largest on record. The prospective 1950-51 supply--carry-over plus production--is likely to be around 1,505 million pounds compared with 1,534 million for 1949-50. Although a little lower than last year, the expected 1950-51 supplies of Burley are likely to be higher than for any other year in history.

Domestic Use and Exports

During the current marketing year (October 1949-September 1950), domestic use of Burley is estimated to be about the same as the 489 million pounds in 1948-49. With cigarette exports dropping off, cigarette production has been slightly lower during the first half of the present Burley marketing year than in the comparable period a year earlier. Smoking tobacco output gained 3 percent, but plug and twist chewing manufacture were down almost 5 percent.

Burley exports during the current marketing year, seem likely to be around 35 million pounds (farm-sales weight). Although lower than the 1948-49 total of 42 million pounds, they would still be the third or fourth largest on record. Burley exports in the 6 months ending March 31, 1950 (first half of 1949-50 marketing year), totaled a little over 14 1/2 million pounds (farm-sales weight)--almost 4 million pounds less than during the same period a year earlier. Shipments to Germany, the largest single destination a year ago, were down very sharply, but sizable shipments are expected to be made within the next few months. Belgium-Luxembourg, Sweden, and Egypt got larger quantities during October 1949-March 1950 than in the comparable period of 1948-49, but Denmark, Portugal, Norway, and Mexico got less. Netherlands had received less than a year ago by the end of March but will get sizable shipments of Burley in the next few months. Combined shipments of Burley to other foreign destinations were approximately the same in both periods.

ECA authorizations to participating countries for Burley purchases from July 1, 1949, through April 1950 totaled about 7 million dollars, which was expected to provide for purchases of roughly 23 or 24 million pounds on a farm-sales weight basis. Germany, Netherlands, and Belgium had the largest single authorizations.

Burley tobacco exports are expected to continue well above the prewar level during 1950-51. The American-type blended cigarette, which includes Burley, is favored by many foreign consumers. There may be some lowering of Burley exports in 1950-51 compared with last year because of smaller ECA assistance and the tendency on the part of participating countries to conserve their dollar exchange.

Table 8.- Burley tobacco, type 31: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Domestic 2/	Exports 2/	Average price per pound
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Av. 1934-38	287	701	988	314	302	12	22.2
1939	395	684	1,079	317	305	12	17.3
1940	377	762	1,139	341	335	6	16.2
1941	337	798	1,135	380	374	6	29.2
1942	344	755	1,099	413	407	6	41.8
1943	392	686	1,078	427	418	9	45.6
1944	591	651	1,242	483	474	9	44.0
1945	577	759	1,336	483	448	35	39.4
1946	614	853	1,467	526	476	50	39.7
1947	485	941	1,426	524	496	28	48.5
1948	603	902	1,505	531	489	42	46.0
1949 2/	560	974	1,534				45.2

1/ Year beginning October 1.
2/ Subject to revision.

Prices

Growers of Burley are expected to receive fairly favorable prices for their 1950 crop. The crop is likely to be smaller than last year and the requirements for cigarette grades will continue to be substantial. Smoking tobacco manufacture may increase a little this year. Chewing tobacco may be slightly above the low point of last year, but the long-term down-trend is not likely to be reversed. The 1949 season average price was 45.2 cents per pound--4.9 cents above the support level. The price support level for the 1950 crop will probably be higher than the 40.3 cent support of last season. Burley parity as of April 15 was 49.2 cents per pound, and 90 percent of this is 44.3 cents. The index of prices paid, interest, taxes, and wage rates may be lower by September, which would mean a proportionate lowering of the Burley parity.

In connection with the price support program, Burley placed under Government loan during the 1949 marketing season totaled about 39 million pounds (farm-sales weight). This represented about 7 percent of the crop. Both quantity and proportion placed under loan in the 1949 season were far lower than a year previous.

During the past 4 seasons (1946-49), Government loans were made on 321 million pounds of Burley. Burley tobacco still under loan on April 1 totaled approximately 155 million pounds (farm-sales-weight equivalent). Government loan stocks in terms of packed or redried weight are, of course, less than the farm-sales-weight equivalent.

MARYLAND, TYPE 32

1950-51 Supplies

The 1950 prospective acreage of Maryland tobacco as indicated by March 1 farmers' intentions is 52,000 acres--4 percent larger than the 50,000 harvested in 1949. Acreage allotments are not in effect on Maryland tobacco. If the 1950 yield per acre should be near the 1946-49 average (omits extremely low yield per acre of 1945), the 1950 crop would be about 43 million pounds. This would be nearly 5 percent above the 1949 crop now estimated at 41 million pounds. The only previous crop to exceed the prospective 1950 crop was the 46-million-pound crop of 1946.

Carry-over of Maryland tobacco on October 1, 1950, seems likely to be near 60 million pounds compared with 54 million last October. Such a stocks level would be the largest for October on record. The prospective 1950-51 total supply--carry-over plus production--may be over 100 million pounds compared with 95 million pounds for 1949-50. This also would be a record high.

Domestic Use and Exports

The major domestic outlet for Maryland tobacco is in cigarettes. For the period October 1949-March 1950, cigarette manufacture was only slightly lower than in the same period a year earlier. Domestic use of Maryland during October 1949-September 1950 (the marketing year as a whole) is expected to be close to 28 million pounds--just about the same as a year earlier.

Exports of Maryland for the 6 months ending March 31, 1950, approximated less than 3 1/2 million pounds (farm-sales weight). This was sharply lower than in the same period a year earlier. For the marketing year ending September 30, the total exports seem likely to be around 7 million pounds compared with a little over 9 million in 1948-49. Switzerland has been taking two-thirds or more of the Maryland tobacco exports. From October 1949 to March 1950, Switzerland got only a little more than one-half of what was taken in the same period a year ago. France took some Maryland tobacco in the recent 6 months' period in contrast to none a year earlier. Belgium and the United Kingdom got more, but quantities going to Germany and French North Africa were smaller than in the same period a year ago.

Approximately 2 million pounds (farm-sales weight) of Maryland tobacco were authorized by the ECA for participating countries from July 1949 to mid-April. France and French possessions were given approval for more than one-half of the total, and Netherlands, Germany, Belgium, the United Kingdom, Denmark, and Norway shared the remainder.

Table 9.- Maryland tobacco, type 32: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Domestic 2/	Exports 2/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Av. 1934-38	27.5	41.3	68.8	26.5	21.1	5.4	19.7
1939	32.8	41.4	74.2	26.5	22.6	3.9	21.1
1940	32.6	47.7	80.3	28.5	25.9	2.6	33.0
1941	31.2	51.8	83.0	27.2	26.1	1.1	30.1
1942	28.1	55.8	83.9	34.4	32.2	2.2	56.5
1943	20.8	49.5	70.3	25.1	23.8	1.3	45.3
1944	38.2	45.2	83.4	31.2	28.8	2.4	55.5
1945	18.4	52.2	70.6	30.3	24.2	6.1	57.0
1946	46.2	40.3	86.5	34.0	28.3	5.7	44.5
1947	37.8	52.5	90.3	34.3	27.0	7.3	42.8
1948	35.0	56.0	91.0	37.0	27.9	9.1	54.4
1949 2/	41.0	54.0	95.0				

1/ Year beginning October 1.
2/ Subject to revision.

Prices

Auction marketing of 1949 Maryland tobacco began on May 2 of this year. Quality of marketings has been lower than last year. Sales of 5.6 million pounds through May 13 averaged 48.5 cents per pound compared with 52.0 cents for the comparable period of last season. Growers received an average of 54.4 cents per pound for their 1948 crop as a whole, and it is likely that the larger 1949 crop will average somewhat lower. The support price for the 1949 crop is 41.8 cents per pound, which is 90 percent of the September 15, 1949, parity price. The support level is 5 percent lower than for the 1948 crop because of the decline in the index of prices paid by farmers during the 12 months ended last September.

Parity prices calculated in connection with the 1950 crop of Maryland will be above the parity prices applicable to the 1949 crop because of the change in method stipulated in the Agricultural Act of 1949. The April 15, 1950, Maryland parity calculated by the new method is 54.7 cents per pound or 7.5 cents higher than it would have been if the former method were still in use. Price supports on the 1950 crop will be set at from 75 to 90 percent of parity depending on the supply position of Maryland

tobacco as determined in accordance with the legislation. Maryland tobacco is not being grown under marketing quotas in 1950. When produced under quota, price support at 90 percent of parity is mandatory. If the supply level of Maryland should make it necessary for the Secretary of Agriculture to proclaim quotas on the 1951 crop of Maryland tobacco, growers will vote in a referendum as to whether they approve. A two-thirds majority of the growers voting must be in favor of a quota to place it into effect. If a quota is rejected by growers, then under the 1949 Act no price support can be provided.

Government loans were first made on Maryland tobacco last year, when the 1948 crop was being marketed and nearly 3 million pounds were placed under loan by growers. About 2 1/2 million pounds remained under loan as of April 1.

The Government loans made on the 1949 crop for the season through May 13 totaled about 3/5 million pounds or 11 percent of auction sales in that period.

FIRE-CURED, TYPES 21-24

1950-51 Supplies

The prospective acreage of fire-cured tobacco as indicated by reports of farmers' intentions on March 1 is placed at 51,800 compared with 60,400 in 1949. The intended acreage accounts for more than nine-tenths of the total acreage allotment, which was cut about 13 percent below the 1949 allotment. The probable decrease appeared to be about 10 percent in the Virginia type and 15 percent in the Kentucky-Tennessee types. If yields per acre should be near those of recent years, the size of this year's crop would be about 58 million pounds compared with 72 million pounds last year.

Carry-over of fire-cured tobacco on October 1, 1950 (beginning of the 1950-51 marketing year), will probably be near 159 million pounds or about 2 million pounds more than on last October 1. The prospective 1950-51 supply--carry-over plus production--is likely to be around 217 million pounds or 5 percent less than the 229 million for 1949-50. Supplies at this level are excessive in relation to anticipated requirements.

Domestic Use and Exports

During the current marketing year, October 1949-September 1950, domestic use of fire-cured tobacco is estimated at a little below the 35 million pounds in 1948-49. The major domestic outlet for fire-cured is snuff. The manufacture of snuff during the first half of the current fire-cured

marketing year was around 2 percent less than in the first half of the preceding year. Snuff consumption has been relatively stable for many years and a sharp decline does not seem likely in the year ahead.

Table 10.- Fire-cured tobacco, types 21-24. Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Disappearance 1/ Domestic 2/	Disappearance 1/ Exports 2/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Av. 1934-38	110.2	194.2	304.4	123.0	53.2	69.8	10.2
1939	99.4	136.2	235.6	94.0	55.1	38.9	10.6
1940	106.5	141.6	248.1	64.2	45.6	18.6	9.5
1941	69.7	183.9	253.6	69.0	51.5	17.5	14.1
1942	71.5	184.6	256.1	76.3	60.7	15.6	17.1
1943	64.9	179.8	244.7	71.2	53.4	17.8	23.4
1944	66.1	173.5	239.6	107.8	44.0	63.8	24.5
1945	58.3	131.8	190.1	85.2	37.6	47.6	31.5
1946	108.9	104.9	213.8	70.4	36.0	34.4	26.0
1947	85.8	143.4	229.2	66.6	36.3	30.3	29.5
1948	73.2	162.6	235.8	78.6	35.4	43.2	31.9
1949 2/	72.1	157.2	229.3				29.8

1/ Year beginning October 1.
2/ Subject to revision.

Fire-cured exports may total between 30 and 35 million pounds (farm-sales weight) during the current marketing year compared with 43 million pounds during 1948-49, when the Government export subsidy program was a factor. During October 1949-March 1950, fire-cured exports were over 11 million pounds (farm-sales weight) in contrast to 17 million pounds in the same period a year earlier. Most western European countries got smaller amounts of both Kentucky-Tennessee and Virginia fire-cured although shipments of Kentucky-Tennessee fire-cured tobacco to Portugal and Egypt and of Virginia fire-cured to England and Belgium were substantially above the same period a year ago. Much of the 1949-50 ECA-financed fire-cured had not been exported by March 1950.

Procurement authorizations for the fire-cured tobacco approved between July 1, 1949, and the end of April provide for purchases of roughly 24 million pounds (farm-sales weight) of fire-cured tobacco. The largest quantities were authorized for France and French possessions, Netherlands, Norway, and the United Kingdom. Other countries sharing in the authorizations were Belgium, Germany, Ireland, Denmark, Austria, and Italy.

Prices

Growers of fire-cured tobacco will probably receive prices above those of last season mostly because the level of price support will be higher. The 1950 price support for fire-cured tobacco will be at 75 percent of the Burley loan rate. The Burley parity computed in accordance with the Agricultural Act of 1949 is likely to be higher than last year and, in turn, the Burley loan rate based on 90 percent of the appropriate parity will also be higher than last season's loan rate.

All types of fire-cured tobacco, combined, averaged 29.8 cents per pound for the 1949 crop compared with 31.9 cents in the 1948 season. The Virginia fire-cured average price at 33.3 cents per pound was a record despite the lower prices on a considerable number of grades. Prices of the Kentucky-Tennessee types 22 and 23 fell to 30.6 and 25.1 cents per pound, respectively. Type 22 (Eastern District) fire-cured was 7 percent below the previous year and type 23 (Western District) was down 15 percent. The general quality of the latter type was poorer than last year and below average.

Growers placed much less fire-cured under Government loan during the 1949 season than a year earlier but a fairly high proportion of the type 23 was delivered for loans. Total fire-cured that went under loan amounted to 18 2/3 million pounds (farm-sales weight). During the past 4 seasons (1946-49), Government loans were made on nearly 119 million pounds (farm-sales weight) of fire-cured. Fire-cured still under loan in early April totaled over 80 million pounds (farm-sales-weight equivalent). The Government loan stockson a packed- or dry-weight basis are, of course, less than the farm-sales-weight equivalent.

DARK AIR-CURED, TYPES 35-37

1950-51 Supplies

The prospective acreage of dark air-cured tobacco as indicated by farmers' intentions on March 1 is placed at 28,100 compared with 32,100 in 1949. The intended acreages of One Sucker, type 35, and Green River, type 36, are down 13 and 15 percent, respectively, from last year's harvested acreages. The types 35-36 acreage allotment for 1950 was cut 13 percent below that of 1949. The prospective acreage accounts for more than 92 percent of total allotment for types 35-36. The Virginia sun-cured, type 37, will be grown under acreage allotments this year for the first time in recent years. The intended acreage of this type is below the total acreage allotment. Compared with last year's harvested acreage, type 37 may be down 2 1/2 percent. If yields per acre should be near those of the recent 5 years, the size of this year's dark air-cured crop (types 35-37 combined) would be about 31 million pounds compared with nearly 36 million last year.

Carry-over of dark air-cured tobacco on October 1, 1950 (beginning of the 1950-51 marketing year), will probably be near 80 million pounds or almost 6 million pounds above that of October 1, 1949. The prospective 1950-51 supply--carry-over plus production--seems likely to be approximately

the same as the 110 million pounds for the current year. The increase in carry-over will about offset the decrease in production. Supplies of the above amount are the second highest since the middle thirties and excessive in relation to anticipated requirements.

Domestic Use and Exports

During the current marketing year, October 1949-September 1950, domestic use of dark air-cured tobacco is expected to be nearly as much as in the previous year, when it amounted to 23 million pounds. The 1948-49 domestic use of dark air-cured tobacco was the smallest on record. The main outlet for dark air-cured is in chewing tobacco, which during the first half of the dark air-cured marketing year, was running a little below the comparable period a year earlier. However, since the first of the year, the output of chewing tobacco has made some gains.

Table 11.- Dark air-cured tobacco, types 35-37: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks Oct. 1	Supply	Disappearance 1/ Total	Domestic 2/	Exports 2/	Average price per pound
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Average 1934-38	35.5	62.8	98.3	39.0	27.0	12.0	9.4
1939	44.2	56.1	100.3	34.7	27.3	7.4	7.3
1940	42.5	65.6	108.1	33.7	29.0	4.7	7.7
1941	31.5	74.4	105.9	41.9	38.9	3.0	12.0
1942	35.2	64.0	99.2	33.9	29.8	4.1	15.2
1943	30.0	65.3	95.3	37.6	34.4	3.2	27.2
1944	44.9	57.7	102.6	42.2	35.9	6.3	23.3
1945	43.6	60.4	104.0	43.6	30.5	13.1	25.2
1946	49.6	60.4	110.0	37.3	29.7	7.6	22.5
1947	37.2	72.7	109.9	32.7	26.3	6.4	25.8
1948	34.8	77.2	112.0	37.9	23.1	14.8	28.7
1949 2/	35.9	74.1	110.0				28.2

1/ Year beginning October 1.
2/ Subject to revision.

Exports of dark air-cured tobacco are partly as leaf and partly as Black Fat. The 1949-50 exports seem likely to be around 9 million pounds (farm-sales weight)--down sharply from the nearly 15 million pounds of 1948-49, when the Government export subsidy program operated as a major factor. During the first half of the marketing year, October 1949-March 1950, total dark air-cured exports were 25 percent less than in the same period a year earlier. Shipments of One Sucker to French North Africa and

Netherlands were smaller, but those to Belgium and Nigeria were larger. Belgium also got a substantial quantity of Green River tobacco, and shipments of this type to the United Kingdom and Liberia were larger than in October 1948-March 1949. Netherlands did not take any Green River type in contrast to sizable amounts a year earlier. United States exports of Black Fat accounted for 35 percent of the total dark air-cured exports on farm-sales weight basis during October 1949-March 1950. During this recent period, smaller quantities went to Nigeria and French Equatorial and West Africa, and a little more went to the Gold Coast.

The approved ECA authorizations for dark air cured tobacco from July 1949 to mid April 1950 provided for over 3 million pounds (farm-sales weight). France and French possessions, the United Kingdom, and Netherlands, combined, received over four-fifths of the total authorization; and Belgium, Germany, Norway, and Ireland accounted for the remainder.

Prices

Growers of dark air-cured tobacco will probably receive prices for their 1950 crop above those of last season because the level of price support will be higher. The 1950 price support for dark air-cured tobacco is computed at 66 2/3 percent of the Burley loan rate. The Burley parity computed in accordance with the Agricultural Act of 1949 is likely to be higher than last year and, in turn, the Burley loan rate based on 90 percent of the appropriate parity will also be above last season's loan rate.

All types of dark air-cured, combined, averaged 28.2 cents per pound for the 1949 crop compared with 28.7 cents in the 1948 season. One Sucker, type 35, growers received an average of 27.9 cents per pound--6 percent less than the previous season's record. The 1949 Green River crop brought a season average price of 27.8 cents per pound--up 5 percent from the 1948 season average. The Virginia sun-cured, type 37, 31.4 cents per pound for the 1949 season--2 percent less than in the 1948 season.

Growers of dark air-cured tobacco placed less than half as much under Government loan as in the 1948 marketing season. Total 1949 dark air-cured that went under loan amounted to a little over 4 million pounds (farm sales weight). Loan deliveries of One Sucker comprised about 11 percent of the crop; of Green River, around 16 percent of the crop; but loans on Virginia sun-cured were negligible. During the past 4 seasons (1946-49), Government loans were made on 43 million pounds (farm-sales weight) of the dark air-cured types. Dark air-cured still under loan around April 1 totaled close to 32 million pounds (farm-sales-weight equivalent). The Government loan stocks on a packed- or dry-weight basis are, of course, less than the farm-sales-weight equivalent.

CIGAR TOBACCO

1950-51 Supplies

Filler: The prospective acreage of continental cigar filler types as indicated by farmers on March 1 is placed at 45,600--3 percent larger

than the 1949 harvested acreage. Both the Pennsylvania Seedleaf, type 41, and the Ohio types 42-44 acreages seem likely to be above those of last year. If per acre yields should be equal to the 1945-49 average, production this year would be about 67 million pounds or a little less than last year's. This production plus the expected carry-over next October 1 of around 139 million pounds would mean the 1950-51 total supply will approximate 206 million pounds. Supplies of 41-44 cigar filler for the current marketing year (1949-50) totaled 200 million pounds and were the highest in 5 years.

The Puerto Rican type 46 is also a cigar filler type. The 1949 crop has been estimated at 28 million pounds--2 million pounds larger than the 1948 crop. Puerto Rican tobacco is planted in the fall and mostly harvested in the first 2 or 3 months of the following year. Total stocks of Puerto Rican tobacco in the United States on April 1 amounted to about 29 million pounds (farm-sales weight)--12 percent lower than on April 1, 1949. Stocks of Puerto Rican tobacco in Puerto Rico on April 1 were about 23 million pounds, the same as on April 1 last year.

Binder: The prospective acreage of cigar binder types as indicated by farmers on March 1 is placed at 39,600--a 2-percent increase over the 1949 harvested acreage. Connecticut Valley Broadleaf, type 51, acreage may show a 10-percent increase; but the Havana Seed, type 52, may be a little below last year's harvested acreage. A 4-percent increase was indicated in the Northern Wisconsin, type 55, but a decrease of 5 percent may occur in the Southern Wisconsin, type 54. No change was indicated for the New York and Pennsylvania Havana Seed, type 53. If per acre yields for the combined binder types are the same as the 1945-49 average, 1950 production will be close to 61 million pounds, and almost the same as last year. It seems probable that binder carry-over next October 1 will be near 127 million pounds or about 4 million above that of October 1, 1949. This carry-over plus the production in prospect this year will provide total supplies for 1950-51 of around 188 million pounds--or about 2 to 4 million pounds above each of the preceding 2 years.

Wrapper: Prospective acreage of cigar wrapper, types 61-62, for 1950 is down 11 percent from last year with all of the decrease taking place in the Connecticut Valley, type 61. The indicated type 61 acreage of 8,600 compares with 10,500 harvested acres in 1949; while the Georgia-Florida, type 62, indication at 5,300 acres is 200 more than last year's harvested acreage. If per acre yields are equal to the 1945-49 average, total wrapper production this year will be about 14 million pounds--an 18-percent drop from the record 1949 level. Carry-over of domestic wrapper on July 1 will be up sharply compared with last year and may top 21 million pounds. This would be between 4 and 5 million pounds above stocks of July 1, 1949, and the largest on record. The 1950-51 supplies, despite the smaller prospective 1950 crop, may total close to 35 million pounds compared with the previous record of 33 3/4 million for 1949-50.

Table 12.- Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year and type	Production	Stocks October 1 1/	Supply	Disappearance year beginning October 1 1/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total filler types 41-44 2/					
Average 1934-38	48.9	159.9	208.8	54.4	10.4
1939	63.1	141.9	205.0	54.0	11.7
1940	64.7	151.0	215.7	58.7	12.0
1941	71.2	157.0	228.2	61.4	12.5
1942	53.8	166.8	220.6	67.0	13.2
1943	47.0	153.6	200.6	55.2	18.6
1944	58.8	145.4	204.2	61.3	19.5
1945	49.9	142.9	192.8	64.1	34.0
1946	64.4	128.8	193.2	71.0	32.8
1947	63.2	122.2	185.4	61.7	30.6
1948	70.8	123.7	194.5	62.6	25.8
1949 3/	68.0	131.9	199.9		26.2
Total binder types 51-56					
Average 1934-38	41.8	165.1	206.9	60.5	12.5
1939	63.3	116.6	179.9	45.0	16.6
1940	67.9	134.9	202.8	66.1	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.2	137.9	193.1	66.4	20.4
1943	51.0	126.7	177.7	69.2	30.3
1944	57.2	108.5	165.7	63.4	30.9
1945	62.1	102.3	164.4	60.9	47.7
1946	73.8	103.5	177.3	53.6	52.7
1947	70.3	123.7	194.0	68.2	43.4
1948	59.7	125.8	185.5	62.2	41.2
1949 3/	61.5	123.3	184.8		35.9
Total wrapper types 61-62					
Average 1934-38	8.4	11.8	20.2	9.3	78.3
1939	11.4	10.1	21.5	7.9	67.7
1940	9.5	13.6	23.1	10.4	77.6
1941	10.1	12.7	22.8	9.6	98.4
1942	9.2	13.2	22.4	9.4	132.1
1943	10.0	13.0	23.0	8.7	167.7
1944	11.3	14.3	25.6	10.9	196.1
1945	11.2	14.7	25.9	12.3	197.3
1946	12.5	13.6	26.1	12.7	234.0
1947	13.5	13.4	26.9	12.4	296.0
1948	15.1	14.5	29.6	13.0	274.0
1949 3/	17.1	16.6	33.7		236.0

1/ Stocks and disappearance for types 56, 61, and 62 are as of July 1.
2/ A small quantity of type 45 for 1939 and 1940 not included.
3/ Preliminary.

Use and Exports

The major domestic use of cigar tobacco is in cigars, but a substantial quantity of some grades of the binder types is also used in scrap chewing. Both cigar consumption and output of scrap chewing for October 1949-March 1950 (first half of 1949-50 marketing year) were about 4 percent less than in the same period a year earlier. During the first quarter of 1950, cigar consumption and scrap chewing output showed some improvement and were closer to the levels of a year earlier. Cigar leaf exports during October 1949-March 1950 were much less than the unusually large quantity shipped in the same period a year ago. During the 1948-49 crop year, a substantial quantity of Puerto Rican tobacco is included in the total cigar tobacco exports. Exports of cigar tobacco except Puerto Rican were more than double those of any previous year.

The total disappearance of cigar filler tobacco during the year ending September 30 seems likely to be around 61 million pounds compared with 63 million in 1948-49. Binder disappearance in 1949-50 will probably be 4 or 5 million pounds less than the 62 million pounds of 1948-49. The disappearance of domestic shade-grown wrapper during July 1949-June 1950 is expected to be a little lower than the 13 million pounds in the preceding year.

During October 1949-March 1950, cigar tobacco exports to Germany and Denmark have been much smaller than in the same period a year earlier. However, more went to French North Africa, the Philippines, and Belgium.

ECA authorizations to participating countries for United States cigar tobacco from July 1949 through April 1950 provided for around 9 million pounds (farm-sales weight). Germany and French North Africa were granted three-fourths of the total, and Belgium, Netherlands, Austria, Denmark, Norway, and the United Kingdom shared in the remainder.

Prices

Pennsylvania growers received an average of 26.4 cents per pound for their 1949 crop--practically the same as the previous season average. Ohio filler, types 42-44, brought an average of 25 cents per pound--nearly 9 percent more than the 1948 season average. Connecticut Valley binder types sold for less in the 1949 season than in 1948. Broadleaf averaged 53 cents per pound in the latter year--7 cents below a year earlier. The Broadleaf average price was reduced by lower prices for part of the crop damaged by hail. Havana Seed, type 52, prices averaged only 41.8 cents for the 1949 crop compared with 62.3 cents for the 1948 crop. The New York and Pennsylvania Havana Seed, type 53, season average was 22 cents per pound for the 1949 crop--3 cents less than in the preceding year. The Southern Wisconsin, type 54, tobacco brought an average price of 23 cents per pound--fractionally higher than a year earlier. The Northern Wisconsin, type 55, averaged 28 1/2 cents for the 1949 crop--5 1/2 cents higher than the 1948 season average. The 1949 crop of Connecticut Valley shade-grown, type 61, averaged $2.50 per pound and Georgia-Florida shade-grown, type 62, averaged $2.10 per pound. Average prices of both cigar wrapper types dropped 14 percent below those of a year earlier, when they were the second highest on record.

Parity prices of the cigar types as calculated in accordance with the Agricultural Act of 1949 are generally higher than those calculated under the old method. Under the 1949 Act, the 1950 support prices for the cigar tobacco types (mandatory price supports do not apply to types 61 and 62) may range from 75 to 90 percent of parity depending on the supply position of these types. The cigar tobacco types are not under marketing quotas in 1950. When under marketing quotas, a price support at 90 percent of parity is mandatory. The 1950 price supports for the cigar types are likely to be quite a bit above those for the 1949 crop.

Price support operations were carried out on Connecticut Valley binder for the first time on the 1949 crop. Loans were made on about 3 1/4 million pounds, the great bulk of which was the type 52 Havana Seed. Government loans on the 1949 crop of Wisconsin tobacco were much smaller than last year. On April 1, the Wisconsin tobacco under loan totaled about 2 2/3 of a million pounds, of which only about 600,000 pounds were from the 1949 crop. As of April 1, no loans had yet been made on the 1949 crop of Puerto Rican. Government loans over the past 3 seasons on Puerto Rican tobacco totaled 27 3/4 million pounds, of which less than 4 3/4 million pounds remained by April 1, 1950.

Table 13.- Tax-paid withdrawals of tobacco products in the United States, calendar years 1948 and 1949, and January-March 1949-50 1/

Products	Calendar year			January-March		
	1948	1949	Change	1949	1950	Change
	Million	Million	Percent	Million	Million	Percent
Small cigarettes	348,730	352,315	+1.0	84,540	86,998	+2.9
Large cigarettes	0.7	0.8	+14.3	0.2	0.2	0.0
Large cigars	5,775	5,587	-3.3	1,307	1,293	-1.1
Small cigars	90	82	-8.9	21	18	-14.3
Snuff 2/	41.4	41.2	-0.5	10.4	9.6	-7.7
Manufactured tobacco 2/	199.7	194.0	-2.9	45.4	49.0	+7.9

1/ Based on sales of revenue stamps, and includes products from Puerto Rico.
2/ Million pounds.

Compiled from reports of Internal Revenue.

Table 14.- Acreage of tobacco in the United States, by types, average 1934-38, annual 1949-50 and percentages

Type	1934-38	1949 1/	1950 2/	Percentage change 1934-38 to 1950	Percentage change 1949 to 1950
	Thou. acres	Thou. acres	Thou. acres	Percent	Percent
Total flue-cured, types 11-14:	863.1	935.4	949.6	+10.0	+1.5
Old and Middle Belt, type 11	327.1	332.0	339.0	+3.6	+2.1
Eastern North Carolina, type 12	296.6	304.0	307.0	+3.5	+1.0
South Carolina, type 13	155.7	188.0	190.0	+22.0	+1.1
Georgia and Florida, type 14	83.7	111.4	113.6	+35.7	+2.0
Total fire-cured, types 21-24:	135.2	60.4	51.8	-61.7	-14.2
Virginia, type 21	23.1	10.7	9.5	-58.9	-11.2
Kentucky and Tennessee, type 22	76.7	34.1	28.8	-62.5	-15.5
Kentucky and Tennessee, type 23	32.4	15.5	13.4	-58.6	-13.5
Henderson, type 24	3.0	.1	.1	-96.7	.0
Burley, type 31	347.2	453.4	401.0	+15.5	-11.6
Maryland, type 32	36.7	50.0	52.0	+41.7	+4.0
Total dark air-cured, types 35-37:	42.0	32.1	28.1	-33.1	-12.5
One Sucker, type 35	19.9	17.9	15.5	-22.1	-13.4
Green River, type 36	18.8	10.2	8.7	-53.7	-14.7
Virginia Sun-cured, type 37	3.3	4.0	3.9	+18.2	-2.5
Total cigar filler, types 41-44:	38.0	44.3	45.6	+20.0	+2.9
Pennsylvania Seedleaf, type 41	23.4	37.6	38.4	+64.1	+2.1
Miami Valley, types 42-44	14.6	6.7	7.2	-50.7	+7.5
Total cigar binder, types 51-56:	3/ 29.9	38.8	39.6	+32.4	+2.1
Connecticut Valley Broadleaf, type 51	7.2	8.8	9.7	+34.7	+10.2
Conn. Valley Havana Seed, type 52	5.4	8.5	8.3	+53.7	-2.4
N. Y. and Pa. Havana Seed, type 53	.7	1.0	1.0	+42.9	.0
Southern Wisconsin, type 54	8.9	8.5	8.1	-9.0	-4.7
Northern Wisconsin, type 55	6.7	12.0	12.5	+86.6	+4.2
Georgia and Florida Sun-grown, type 56	3/ 1.0	.0	.0	.0	.0
Total cigar wrapper, types 61-62:	8.9	15.6	13.9	+56.2	-10.9
Conn. Valley Shade-grown, type 61	6.3	10.5	8.6	+36.5	-18.1
Ga. and Fla. Shade-grown, type 62	2.6	5.1	5.3	+103.8	+3.9
Louisiana Perique, type 72	.3	.3	.3	.0	.0
Total all types	1,501.3	1,630.3	1,581.9	+5.4	-3.0

1/ Preliminary.
2/ Farmers' intentions as of March 1.
3/ Includes a small amount of type 45 supplanted by type 56.

Table 15.- Cash receipts from farm marketings, average 1935-39, annual 1940-49 with percentages

Calendar year	Cash receipts: Livestock and products	All crops	Total farm	Tobacco 1/	Tobacco as a percentage of: All crops	Total cash receipts
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Percent	Percent
Av. 1935-39	4,555	3,427	7,982	274	8.0	3.4
1940	4,893	3,471	8,364	242	7.0	2.9
1941	6,465	4,716	11,181	323	6.8	2.9
1942	9,041	6,331	15,372	476	7.5	3.1
1943	11,454	7,980	19,434	539	6.8	2.8
1944	11,322	9,038	20,360	690	7.6	3.4
1945	11,982	9,538	21,520	898	9.4	4.2
1946	13,699	11,165	24,864	970	8.7	3.9
1947	16,510	13,504	30,014	1,033	7.6	3.4
1948 2/	17,060	13,485	30,545	945	7.0	3.1
1949 2/	14,951	12,566	27,517	904	7.2	3.3
	Percentage change					
	Percent	Percent	Percent	Percent		
Av. 1935-39 to 1949	+228	+267	+245	+230	---	---
1948 to 1949	- 12	- 7	- 10	- 4	---	---

1/ Calendar year receipts are derived from parts of two crop years and should not be confused with the value of a particular year's production.
2/ Preliminary.

Table 16.- Production of manufactured tobacco in the United States for specified periods

Period	Chewing					Smoking 1/	Snuff
	Plug	Twist	Fine-cut	Scrap 1/	Total		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Av. 1925-29	104.5	8.8	6.2	77.4	196.9	161.1	39.6
Av. 1935-39	56.8	6.0	4.8	43.8	111.4	195.3	37.3
1940	48.8	5.6	4.2	42.9	101.5	205.1	37.9
1941	50.2	5.6	5.1	44.2	105.1	197.7	39.6
1942	54.3	6.0	5.1	48.3	113.7	175.7	41.0
1943	58.9	6.3	4.5	51.4	121.1	162.8	43.2
1944	61.7	6.5	4.1	52.9	125.2	139.9	42.0
1945	59.7	6.7	4.0	47.7	118.1	168.5	43.8
1946	51.8	5.8	3.8	46.1	107.5	106.4	39.4
1947	47.3	5.2	3.8	42.2	98.5	104.7	39.2
1948	45.3	5.6	3.2	42.1	96.2	107.6	40.8
1949	41.9	5.6	2.8	39.7	90.0	108.1	40.9
Jan.-Mar. 1949	9.8	1.5	.6	9.6	21.5	24.5	10.4
Jan.-Mar. 1950	10.3	1.4	.7	10.2	22.6	26.6	9.6
	Percentage change						
	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent
Jan.-Mar. 1949 to Jan.-Mar. 1950	+5.1	-6.7	+16.7	+6.2	+5.1	+8.6	-7.7

Compiled from reports of Internal Revenue.

1/ Breakdown of smoking and scrap prior to 1931 is estimated.

Table 17.- Tobacco manufactures: Net sales, costs and expenses, net income, and profit ratios, by quarters, 1947-49

Year and quarter	Net sales	Costs, expenses, and other deductions	Net income: Before Federal income taxes	Net income: After Federal income taxes	Profits in cents per dollar of sales: Before Federal income taxes	Profits in cents per dollar of sales: After Federal income taxes	Profits as percentage of stockholders' equity (annual basis): Before Federal income taxes	Profits as percentage of stockholders' equity (annual basis): After Federal income taxes
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.				
1947								
1	586	546	40	24	6.8	4.1	14.8	8.8
2	667	626	41	25	6.1	3.7	15.2	9.2
3	683	637	46	29	6.7	4.2	17.2	10.8
4	705	654	51	31	7.2	4.4	18.8	11.2
Year	2,641	2,463	178	109	6.7	4.1	16.6	10.1
1948								
1	692	646	46	28	6.6	4.0	16.0	10.0
2	783	731	52	33	6.6	4.2	18.0	11.6
3	852	769	83	52	9.7	6.1	26.0	17.6
4	754	678	76	46	10.1	6.1	25.6	15.6
Year	3,081	2,824	257	159	8.3	5.2	22.0	13.7
1949								
1	702	648	54	34	7.7	4.8	18.4	11.6
2	782	718	64	39	8.2	5.0	20.8	12.8
3	812	743	69	43	8.5	5.3	22.0	13.6
4	765	702	63	40	8.2	5.7	19.6	12.4
Year	3,061	2,811	250	156	8.2	5.1	20.2	12.6

Compiled and adapted from Quarterly Industrial Financial Report Series of Federal Trade Commission and Securities and Exchange Commission.

RMA STUDY OF PRICES OF FLUE-CURED TOBACCO, TYPES 11(a)-13 1/

Summary

There is a great deal of interest on the part of growers, warehousemen, and others connected with the tobacco trade in price differences among the flue-cured types of tobacco. Flue-cured prices are being studied as part of a Research and Marketing Act project in progress in the Bureau of Agricultural Economics. No conclusions have been drawn concerning the influence of factors that may account for the price differences. It is useful, however, to show the extent of these differences, both among types and within types, during the course of a season. This study summarizes these differences for the years 1945-49.

Flue-cured tobacco is grown in the coastal States from southern Georgia and northern Florida as far north as central Virginia. This belt is divided into 5 regions, which each produces a related type of flue-cured tobacco. Type 14, Georgia flue-cured tobacco, is grown in southern Georgia and northern Florida; type 13, South Carolina and Border North Carolina flue-cured, is produced in eastern South Carolina and southeastern North Carolina; type 12, Eastern flue-cured, in eastern North Carolina; type 11(b), Middle Belt flue-cured, in central North Carolina; and type 11 (a), Old Belt flue-cured, is produced in western North Carolina and Virginia.

The 5 types of flue-cured tobacco are graded at the auction markets according to Government quality standards. These standards classify tobacco of each type into approximately 120 grade designations. It is, therefore, possible to make a selection of grades for price comparisons among types. The differences in prices for the individual types of flue-cured are more accurately measured by comparing prices for an individual grade or a group of identical grades among types than when over-all season averages for the individual types are compared with one another.

There are two important aspects of flue-cured prices that are given attention in this phase of the study. One is that the price of the same United States grade may differ appreciably from one type of flue- cured tobacco to another. The other is that the price of a United States grade may vary over a wide range in markets of a single type during the course of a marketing season. Such price comparisons for the 5-year period and for the 1949 season are shown in tables I and II and in the charts on page 41.

During the 5-year period, 1945-49, prices of selected grades 2/ in type 11(b) or type 12 ranked highest most frequently, while those in type 11(a)

1/ A summary of some preliminary findings.
2/ See notes on grade selections on page 45.

or type 13 most frequently ranked lowest. This relationship of prices for the 4 types 3/ of flue-cured tobacco studied held for all quality groups for both the season as a whole and for the weekly average prices during a season.

The highest weekly prices occurred most frequently between the seventh and fourteenth weeks during the marketing season for types 11(a)-13, and the lowest either during the first 5 weeks or last 5 weeks of the season. Some have attributed the low prices at the beginning or end of the marketing season to special conditions during those parts of the season. It was thought that prices were low at the beginning of the season possibly because purchasing companies had not yet fully appraised the size and nature of the flue-cured crop and were low at the end of the season because of buyers' making final adjustments in their purchases for the season. An evaluation of the ranking of prices by types during the weeks when all 4 types were marketed simultaneously showed conclusively that prices during the beginning or end of the marketing season were not lowest primarily because of special conditions affecting those parts of the season.

Season Average Price 4/

In making price comparisons, grades have been assigned to 3 quality groups: Better, Medium, and Poorer. For the methods used in selecting grades, see notes on page 45.

In 1949, type 11(b) season prices were higher than those of other types in the Better and Medium groups, and type 12 season prices were highest in the Poorer group. Type 13 season prices were lowest in the Better and Medium groups, and type 11(a) season prices were lowest in the Poorer group.

During the 5-year period, 1945-49, type 11(b) season prices of Better grades and of Medium grades were highest for 3 years, and type 12 prices of Poorer grades were highest for 4 years.

3/ Prices of types 11(a), 11(b), 12, and 13 tobacco have been compared. Prices of type 14 tobacco have been omitted because it is marketed loose instead of tied in hands. Because of this difference in the form in which type 14 tobacco is marketed, it has consistently sold for less than the same grades of the other 4 flue-cured types. Since it is not practical to separate this influence from other factors that may operate to cause price differences, type 14 tobacco was excluded from this study.

4/ Season average price used in this study is the simple average of season prices of individual grades for each type in each quality group. The individual grade prices are from the Production and Marketing Administration. They are based on a sample of auction bids from representative markets and are weighted by price and quantity. Season average prices are referred to hereafter as season prices.

Lowest prices of the Better group occurred in type 13 for 3 of the 5 years, lowest prices of the Medium group were in type 11(a) for 4 years, and lowest prices of the Poorer group occurred in type 11(a) for all 5 years.

Table I. Season average prices, groups of selected grades of flue-cured tobacco for types 11(a)-13, and percentage comparisons

Season	Season average price (Cents per pound)				Season average price as percentage of types 11(a)-13 average 1/			
	Type				Type			
	11(a)	11(b)	12	13	11(a)	11(b)	12	13
	Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent
	Better grades							
1949	64.40	64.05	64.05	63.20	100.4	101.2	99.8	98.5
1948	65.25	66.10	65.75	65.25	99.5	100.8	100.2	99.5
1947	57.90	57.70	57.05	57.10	100.8	100.4	99.3	99.4
1946	58.95	60.30	63.55	63.30	95.5	98.2	103.0	103.4
1945	48.65	49.35	48.20	46.30	101.1	102.6	100.2	96.2
	Medium grades							
1949	43.89	52.33	52.00	46.78	97.8	104.7	104.0	93.6
1948	50.53	52.44	51.22	51.00	98.2	102.3	99.9	99.5
1947	41.89	44.89	43.67	42.22	97.0	104.0	101.2	97.8
1946	41.11	48.22	50.11	47.56	87.9	103.1	107.2	101.7
1945	43.89	44.00	44.78	44.22	99.2	99.5	101.3	100.0
	Poorer grades							
1949	14.86	19.77	20.89	17.68	81.2	108.0	114.2	96.6
1948	18.93	21.54	21.82	22.41	89.6	101.0	103.3	106.1
1947	13.02	16.07	17.95	16.75	81.6	100.8	112.5	105.0
1946	18.02	23.57	23.96	20.48	83.8	109.6	111.4	95.2
1945	31.36	33.75	37.57	36.61	90.1	96.9	107.9	105.1

1/ Season average price of each quality group of each type as a percentage of types 11(a)-13 average of corresponding quality group.

Weekly Average Prices 5/

Weekly average prices of selected grades of flue-cured tobacco, types 11(a)-13, each year except 1945 during the 5-year period, 1945-1949, have followed a general trend from low prices in the beginning of the marketing season to high prices in the middle of the season to low prices toward the end of the season. Price ceilings were in effect during the 1945 season and prices did not follow the usual seasonal pattern.

Weekly prices in 1949 for each of the quality groups--Better, Medium, and Poorer--were highest in the ninth week of the types 11(a)-13 marketing season. They were lowest in the third week for the Better group, in the first week for the Medium group, and in the last week for the Poorer group. Weekly prices of the 4 types during the 1949 season are shown in the charts on page 41 and in table II.

Type 12 accounted for the highest weekly price in each of the 3 quality groups in 1949. In the Better group, the price of type 11(b) grades during the tenth week also was at the high for the year.

The lowest weekly price during the season in the Better and in the Medium groups was in type 13, and in type 11(a) for the Poorer group.

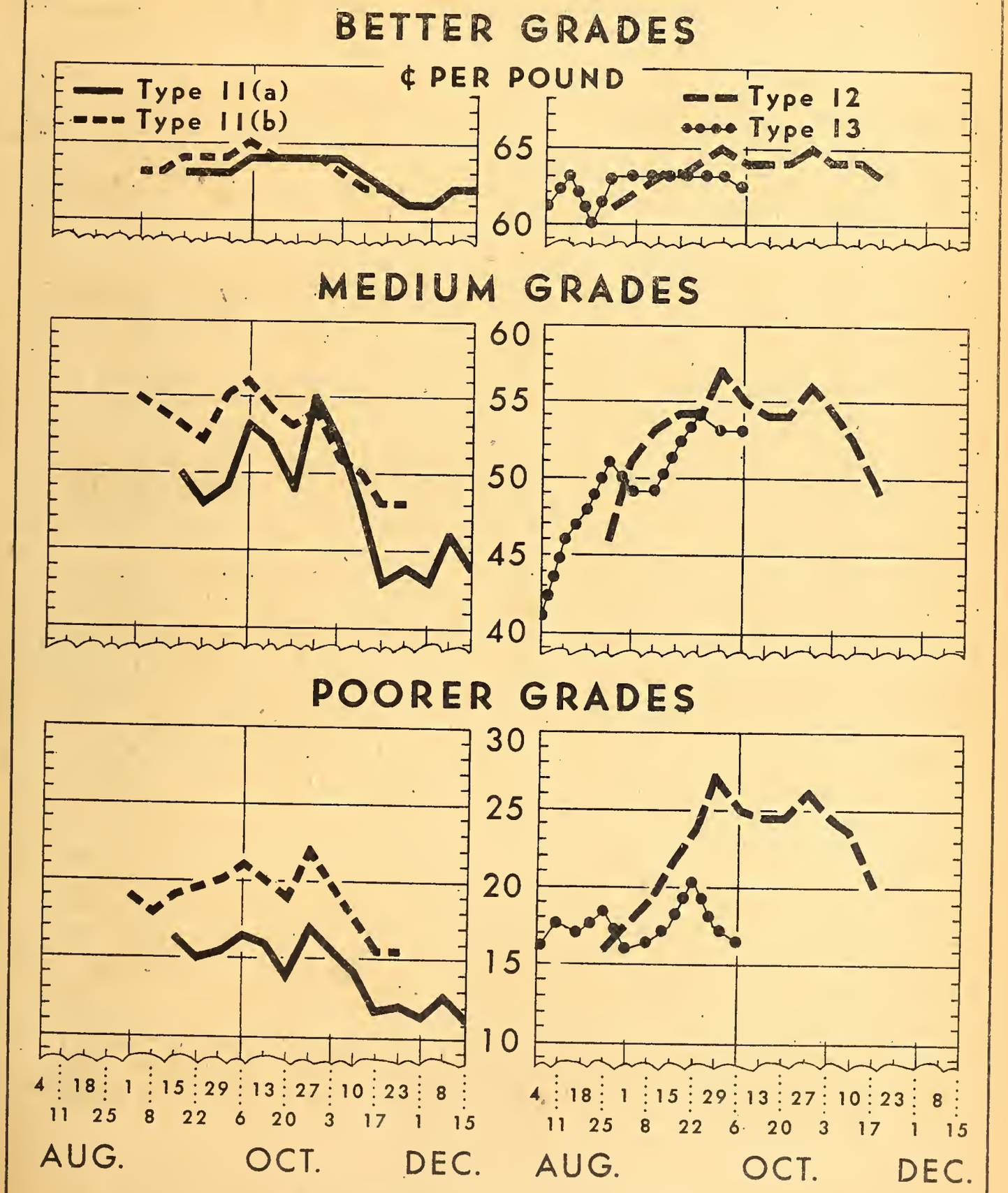
The range of weekly prices in 1949 was 5 cents per pound for the Better group, 16 cents for the Medium group, and 15.75 cents for the Poorer group.

5/ Weekly average price used in this study is the simple average of weekly prices of individual grades for each type in each quality group. The individual grade prices are from the Production and Marketing Administration. They are weighted by price and quantity in accordance with sample bids made during the week at representative markets. The weekly average price of a quality group for any type, therefore, is a simple average of weighted prices of individual grades. Such prices are hereafter referred to as weekly prices.

For some weeks, several grades of a quality group did not sell in sufficient quantities in markets of one or more of the types to permit quoting prices of those grades in markets of these types. In that case, a weighted price was computed for all such grades together, and this price was used with the prices of grades for which weekly prices were quoted in computing the weekly average price of the quality group for the type concerned. For instance, in the week ending November 23, 1949, weekly prices for only 10 of the 14 grades of the Poorer group were quoted for type 11(b). A weighted price, therefore, was computed for the other 4 grades, and the weekly average price of the type 11(b) Poorer group for that week was computed as if it represented 11 instead of 14 individual grades.

PRICES of FLUE-CURED TOBACCO

Weekly Averages for 1949, Selected Grades, Types 11 (a) – 13



DATA ARE FOR WEEKS ENDING ON DATES SHOWN

U. S. DEPARTMENT OF AGRICULTURE NEG. 47617-X BUREAU OF AGRICULTURAL ECONOMICS

Table II.- Weekly average price per pound of flue-cured tobacco, by selected grades for types 11(a)-13, by weeks, August-December 1949

Week ending	Better grades type				Medium grades type				Poorer grades type			
	11(a)	11(b)	12	13	11(a)	11(b)	12	13	11(a)	11(b)	12	13
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Aug. 4				61				41				16
11				63				46				17.50
18				60				48				17
25			61	63			46	51			16	18.50
Sept. 1		63	62	63		55	51	49		19	17.50	16
8		63	63	63		54	53	49		18	19	16.50
15	63	64	63	63	50	53	54	52	16.50	19	21.50	17.50
22	63	64	64	63	48	52	54	54	15	19.50	23.50	20.50
29	63	64	65	63	49	55	57	53	15.50	20	27	17.50
Oct. 6	64	65	64	62	53	56	55	53	16.50	21	25	16.50
13	64	64	64		52	54	54		16	20	24.50	
20	64	64	64		49	53	54		14	19	24.50	
27	64	64	65		55	54	56		17	22	26	
Nov. 3	64	63	64		52	51	54		15.50	19.50	24.50	
10	63	62	64		48	50	52		14.25	17.50	23.50	
17	62	62	63		43	48	49		11.75	15.50	20	
23	61	61			44	48			12	15.50		
Dec. 1	61				43				11.25			
8	62				46				12.50			
15	62				44				11.25			

In the years from 1945 through 1949, the high weekly price of each quality group occurred between the seventh and fourteenth weeks of the marketing season for types 11(a)-13, except in 1945. The low weekly price was reached for each quality group during the first 5 or the last 5 weeks of the season except for the Medium group in 1946.

During each of the 5 years, 1945-49, the highest weekly price in each quality group occurred more often in type 12 than in any other type. For the Better and Medium groups, type 12 prices were highest in 4 of the 5 years, and were highest for the Poorer group in all 5 years.

Lowest weekly prices during these years occurred most frequently in type 11(a) for the Medium and Poorer grades. They were lowest in 3 years for the Medium group and lowest in all 5 years for the Poorer group. The lowest weekly price of the Better group did not occur as consistently in any one type.

Price Differences During Weeks When All 4 Types Were Marketed

One possible explanation for the wide variations in weekly average prices is the time element. It has been noted, for instance, that prices of types 11(a) and 13 for all quality groups usually are lower than prices of types 11(b) and 12, both for the season as a whole and the weekly price during the season. The low weekly prices usually are found at the beginning or end of the season at a time when only type 13 or type 11(a) markets are open, or at least when the marketing of types 11(b) and 12 either were just getting under way or were being completed. The question arises whether the type 13 low prices at the beginning of the season are due to incomplete knowledge on the part of purchasing companies with respect to the size and quality of the crop throughout the flue-cured belt or are due primarily to other factors such as technical quality differences between grades of type 13 tobacco and the same grades of other flue-cured types. If incomplete knowledge of the size and quality of the whole flue-cured crop is the important factor, it would be expected that buyers would tend to bid conservatively for the type 13 offerings during the first weeks of selling, until markets in the type 12 districts had opened and the size and nature of the majority of the flue-cured crop had been more fully appraised.

With respect to the low prices of type 11(a) tobacco at the end of the season after type 12 and 13 markets have closed and marketings in the type 11(b) district are being completed, the question arises whether the low prices are due to the purchasing companies' making final adjustments in their purchases for the season. In other words, would the low prices at the end of the season be due to the companies' buying too heavily of the other types during the middle of the season with respect to their requirements for leaf, and therefore showing less interest in the offerings at the end of the season?

An examination of the prices paid for types 11(a) and 13 tobacco in relation to the prices paid for the other flue-cured types during the middle of the marketing season while all types sell at the same time should throw some light on these questions.

In the past 5 marketing seasons, all of these types have been marketed simultaneously during 22 weeks, or from 3 to 6 weeks in each season. If the low weekly price during the season were due only to a seasonal factor, it would be expected that during these weeks when all types were selling, that type 11(b) or 12 prices would rank in both first and second places and type 11(a) or 13 prices would rank in both third and

fourth places for one-sixth of the time, or for between 3 and 4 of the 22 weeks. If the weekly prices ranked in this order for substantially more than 4 weeks, it could be assumed that some systematic factor was operating to produce price differences between types 11(b) and 12 and types 11(a) and 13. In that case, the low weekly prices of types 11(a) and 13 at the beginning and end of the season would not be the lowest of the season primarily because of special circumstances during those parts of the season.

Ranking the weekly prices for the 22 weeks during the 5-year period, when all types were marketed simultaneously, showed that the weekly price of either type 11(b) or type 12 was in both first and second places and that the weekly price of either type 11(a) or type 13 was in both third and fourth places for 13 weeks in the Better group and for 15 weeks in the Medium group and in the Poorer group.

This test provides very strong support 6/ for the conclusion that the low weekly prices, which usually fall during the first or last 5 weeks of marketing, were not low only because of special circumstances at the beginning or end of the types 11(a)-13 marketing season.

This test demonstrates only that the lowest weekly prices for all quality groups were not low primarily because of the possibilities suggested concerning special circumstances at the beginning or end of the season. It, therefore, permits the conclusion to be drawn that there are other factors operating to cause price differentials between types 11(a) and 13 and types 11(b) and 12. Technical differences among the types may exist that are not taken into account by the grading system. It also is possible that the geographic organization of the market may have some influence, such as warehouses being located farther from redrying plants of principal buyers in certain type markets than in others.

The proportion of total sales of a type which falls within a quality group varies somewhat among the types. In some recent years, these proportions have varied considerably. In 1949, for instance, the Better group accounted for an estimated 28 percent by weight of total producers' sales in type 13 compared with 21 percent in type 11(a). The extent to which different proportions of Better, Medium, and Poorer grades may be responsible for price differences among the types is being investigated.

6/ If there were no systematic factors causing differences in the prices of these 4 types, the chances of getting as great or more frequent ranking of prices of type 11(b) or 12 in both first and second places and prices of type 11(a) or 13 in both third and fourth places would be for the Better group about 1 in 100,000 repeated observations, and for the Medium and Poorer groups, about 1 in 10 million.

Notes on Grade Selection

Grades for price comparisons among types were placed in 3 quality groups: Better, Medium, and Poorer grades. Price was used to determine the appropriate quality group for a grade. The grades were selected on the basis of the consistency of their prices relative to prices of all grades for the whole flue-cured belt, types 11(a)-14. Selections for each group (Better, Medium, or Poorer) were limited to grades that fell in the same third of the range of season average grade prices for the flue-cured belt as a whole for at least 5 years between 1942 and 1948. Grades having prices that fell in the highest third of the types 11(a)-14 season average price range are referred to in this study as Better grades, those in the middle third of the range as Medium grades, and those in the lowest third as Poorer grades. Of these grades, only those that met this standard for one of the quality groups in each of the 4 types of flue-cured tobacco were used. The selection of United States grades, therefore, is identical among the types of flue-cured tobacco for each quality group. 7/

This method of grade selection assumes that relative price of a United States grade over a period of years is a fairly accurate measure of quality or relative usefulness of the grade compared with other grades. It assumes that the influence of other factors that also affect leaf prices, such as the quantities of a grade and of other comparable grades available from the current crop and the characteristics of the leaf stocks in the hands of manufacturers and dealers, are balanced out over a period of time.

7/ Better grades: B1L, B1F, B2L, B2F, B3L, H1F, H2F, H3F, C1L, C2L, C3L, C3F, C4L, C4LV, C4F, C5L, X1L, X1F, X2L, and X2F.

Medium grades: B4FM, X3LV, X3FV, X3FM, X4L, X4LV, X4F, P3F, and P4L.

Poorer grades: B6R, B6GL, B6GF, B6GR, X5FM, P5L, P5F, P5G, N1L, N1R, N1G, N2L, N2R, N2G.

It is estimated that these grades in 1949 accounted for the following percentages of weight of producers' sales in their respective types:

Type	11(a) Percent	11(b) Percent	12 Percent	13 Percent
Better grades	21	22	25	28
Medium grades	6	5	4	5
Poorer grades	15	21	16	9

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage $300

OFFICIAL BUSINESS

BAE-TS-52-5/50-2100
Permit No. 1001

LIBRARY
CURRENT SERIAL RECORD
★ 6 1950 ★
U. S. DEPARTMENT OF AGRICULTURE